AUDI ALTERAM PARTEM

F-13 F-13

ISSN 1180-4386

Legislative Assembly of Ontario
First Session, 41st Parliament

Assemblée législative de l'Ontario
Première session, 41e législature

Official Report of Debates (Hansard)

Thursday 29 January 2015

Standing Committee on Finance and Economic Affairs

Pre-budget consultations

Journal des débats (Hansard)

Jeudi 29 janvier 2015

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires

Chair: Soo Wong
Clerk: Katch Koch

Présidente : Soo Wong
Greffier : Katch Koch

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

http://www.ontla.on.ca/

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario

Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Thursday 29 January 2015

Jeudi 29 janvier 2015

The committee met at 0900 in room 151.

PRE-BUDGET CONSULTATIONS

The Chair (Ms. Soo Wong): I'm going to resume the Standing Committee on Finance and Economic Affairs. Good morning.

ONTARIO CAMPAIGN FOR ACTION ON TOBACCO

The Chair (Ms. Soo Wong): The first presenter this morning is the Ontario Campaign for Action on Tobacco. Mr. Perley, welcome. Good to see you again, Michael.

Mr. Michael Perley: Nice to see you again, Madam Chair.

The Chair (Ms. Soo Wong): As you know, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be coming from the government side. You may begin any time. Please identify yourself and the organization you're from for the purpose of Hansard.

Mr. Michael Perley: Madam Chair and members of the committee, my name is Michael Perley. I'm director of the Ontario Campaign for Action on Tobacco. Thank you for the opportunity to present today on the subject of contraband tobacco.

The Ontario campaign's partners—the Canadian Cancer Society, the Heart and Stroke Foundation, the Non-Smokers' Rights Association and the Ontario Medical Association—have been working together since 1993 to reduce tobacco use in Ontario. We've worked with governments and members from all three parties, and with municipalities across the province, to implement a variety of tobacco control measures.

Other witnesses have described contraband tobacco products for you. I'd like to focus on two main subject areas: contraband levels, tax revenue and smoking prevalence; and recommended remedies for the contraband problem.

As the figures below demonstrate, provincial tobacco tax revenue from 2008-09, which was the peak contraband period, to 2014-15 has increased. At the same time, smoking prevalence has remained within normal confidence intervals—that is, relatively stable. With about the same number of smokers using about the same number of cigarettes, tax revenue should have remained constant. Instead, it went up, which it should not have done if contraband had been increasing. The charts below demonstrate that.

Recently, statements have been made in the media and to this committee that contraband levels in Ontario have reached 40% of the total market. Data that the tobacco industry has provided to its investors, as opposed to in its public statements, shows a rather different picture.

The slides in appendix 1 are taken from recent investor day presentations by British American Tobacco, the parent of Canada's Imperial Tobacco, and from Philip Morris International, the parent of Canada's Rothmans, Benson and Hedges, and describe significant declines in contraband.

In 2011, for example, BAT concluded that the contraband market had declined in Canada from 32.7% in 2008 to 18.7% in 2010. Similarly, Philip Morris concluded that there had been a decline in contraband from 14 billion contraband cigarettes in the market in 2007 to eight billion cigarettes in 2011.

More recently, in its 2013 investor day presentation, BAT noted that while contraband has grown in many international markets, it "is flat or down in many other markets," and those markets include Canada.

Similarly, Philip Morris's 2014 investor day presentation concluded that contraband made up 19% of the Canadian market overall.

Ontario experienced its highest contraband levels about seven years ago. Where there is disagreement is on the current size of the contraband market and the meaning attached to that size of that market.

Why do we care about the size of the market? The health community, of course, wants any source of tobacco reduced, whether taxed or untaxed. The tobacco industry wants to reclaim sales lost to contraband, but the industry also wants no further increases in tobacco excise taxes. Such increases are the most effective means of reducing tobacco use. It is in the industry's interest to argue that the contraband market remains large and is increasing, in order to convince legislators not to support further tax increases. They do this through their various retail allies. Appendix 2 contains some of the headlines from these groups, advocating against tax increases.

There are two main reasons to reject industry arguments against further tax increases. First and foremost, the evidence that increasing taxes will increase contraband is simply not there. This will be shown in detail in an about-to-be-published report from the Ontario

Tobacco Research Unit at the University of Toronto. The evidence shows that the number of smokers who quit, following tax increases, exceeds the number of smokers who move to the contraband market.

Secondly, there is Quebec's experience. Quebec has reduced the percentage of its total cigarette market occupied by contraband products from well over 30% in the peak contraband era to 14% today. It has done so through the ACCES Tabac program, which I'll describe in a moment. As a result of this program's effectiveness, Quebec has also implemented two $4-a-carton tax increases over the past three years, and has done so with no detectable increase in contraband, according to Quebec Ministry of Finance officials.

Before reviewing our recommendations, I'd like to comment on the alleged impact of the government's proposed ban on menthol cigarettes on the contraband market. In 2011, the University of Waterloo's International Tobacco Control Policy Evaluation Project surveyed Canadian menthol smokers and asked them what they would do if menthol were no longer available. Thirty-five per cent said they would "quit smoking"; 40% said they would "choose another cigarette brand"; 21% said "don't know"; and 4% said they would both "choose another brand and stop smoking." These results reflect the attitudes of actual Canadian menthol smokers, most of whom are in Ontario. If anything, they tell us to make more cessation options available to menthol smokers once the ban is implemented.

I'd now like to summarize our five control recommendations. They have been prepared following discussions with tobacco control and law enforcement personnel in Ontario, and with the Quebec Ministries of Public Security and Finance.

First and foremost, Ontario should duplicate the Quebec government's ACCES Tabac program. Under this program, the Quebec government has designated all police in the province to enforce the Quebec Tobacco Tax Act. The government pays police at all levels to do investigations. The total budget for this program has reached $17 million, of which $14 million is provided directly to police by the Ministry of Public Security to enforce the act. These payments are critical as many police view contraband enforcement as a low priority compared to more serious crimes. That's quite understandable. The program investigates allegations of fraud; convenience store sales of contraband, which have practically ceased in Quebec since the program began; high-level production and mass supply; and local, direct-to-consumer cases. Many investigations focus on off-reserve supply lines which are operated in large measure by non-First Nations individuals.

Quebec's tobacco tax revenue in 2008-09 was $654 million. In 2013-14, this amount rose to over $1 billion annually. The program has also allowed the Quebec government to raise tobacco taxes twice by $4 a carton—as I mentioned earlier—once in 2012 and once in 2014, with no increase in contraband noted.

Next, we should establish a refund-rebate system for tobacco products intended for tax-exempt sale on a reserve. Under this system, manufacturers and wholesalers would ship products to reserve retail outlets at a price that would include a deposit equivalent to the Ontario tobacco tax. Eligible First Nations consumers would still purchase product exempt from tax, and on-reserve retailers would then apply to the Ontario government for a rebate for that tax paid. Such a system is in place for tobacco products in five other provinces, including Quebec. Ontario already uses a refund-rebate system for gasoline supplied for sale on reserve. Appendix 3 contains relevant excerpts from the Ontario Gasoline Tax Act.

Since the system would function at the level of licenced tobacco manufacturers, who would have to provide an amount equal to Ontario tax up front, existing on-reserve retailers that are acting illegally—that is, by selling to those who are not entitled to buy the product tax-free—would no longer have access to certain categories of inexpensive—that is, provincial tax-free—cigarettes. This would in turn limit the quantity of many brands available for sale to non-First Nations individuals. We can provide more detail on this system to the committee if requested, and we'll be discussing it with the Minister of Finance's office.

Next, raw material inputs to the contraband sector beyond raw leaf tobacco should be reduced. The two primary inputs in question are acetate tow, used for cigarette filters, and cigarette papers. Each of these products has a unique harmonized tariff code and can be tracked. Such papers are manufactured solely for the manufacturing of cigarettes, and about 80% of acetate tow produced in the world is used for cigarette filters.

0910

Our next recommendation—

The Chair (Ms. Soo Wong): Can you wrap up your presentation so that the committee can ask you some questions?

Mr. Michael Perley: Absolutely.

Enforcement under the tobacco act should be enhanced through empowering tobacco enforcement officers to enforce the Tobacco Tax Act. We also recommend implementation of a major public education campaign focused both on contraband and on the health impacts of tobacco use generally. And last but by no means least, we strongly recommend a further increase of at least $4 a carton in Ontario's tobacco tax rate.

Thank you.

The Chair (Ms. Soo Wong): Thank you very much. This round of questions is from the government side. Ms. Hoggarth?

Ms. Ann Hoggarth: Good morning, Mr. Perley.

Mr. Michael Perley: Good morning.

Ms. Ann Hoggarth: On behalf of myself, as a former educator, and the other members of the Legislature, I want to thank you very much for your work with the smoke-free act and also for being an advocate to curb contraband tobacco. I think it's very important, the work that you do, and I thank you for it on behalf of all the young children in Ontario who we do not want to smoke.

Ontario's 2014 budget introduced a number of measures which increased fines and allowed the impounding

of vehicles involved in the illicit transportation of contraband tobacco. Do you feel those were positive steps in the fight to defeat contraband tobacco?

Mr. Michael Perley: Absolutely, and I think they follow a number of measures that have been introduced over several budgets, going back probably to 2008-09, to increase fines on a regular basis and to tighten enforcement. What we're recommending is simply additive to those existing recommendations. I think the proof of the value of the recommendations, including what you mentioned, is the fact that revenue continues to inch upward. That's proving that contraband supply in Ontario is shrinking, because tobacco tax revenue is going up, and the only way that can happen is if there's less contraband in the market. So I think those measures are working and I think the larger-scale things that we're recommending, a couple of them, would really be additive to what you've mentioned.

Ms. Ann Hoggarth: I know that on January 1 we took over the oversight of raw leaf tobacco. In your presentation, you suggested other products that perhaps we could look into taking over too. Would you go over those ones too, please, again?

Mr. Michael Perley: Yes. We're going to be tracking and monitoring where raw leaf grows, who grows it, how much they grow, where it's transported, who transports it, what happens to it, because there is leakage from the existing crop, which has doubled in size over the last several years thanks to the federal buy-out program; that is a whole other subject. There's leakage into the contraband system, but there has been no tracking of exactly where shipments go and who grows how much. That will now stop and there will be tracking.

In addition, we're suggesting that the basic raw material is raw leaf, but we have cigarette papers which have unique characteristics—there's only one reason why they're manufactured, and that's for cigarettes—and then the material used in the filters, the white cellulose material called acetate tow. If we control those two as well as raw leaf, then we have the entire spectrum of raw materials going into cigarettes controlled, and hopefully their supply to unlicensed or illegal manufacturers limited, if not outright eliminated—I think we're probably going too far there. But those three products taken together: If we eliminate them or significantly control them, we put a huge dent in the contraband market.

Ms. Ann Hoggarth: I think this is very important, the work that you do, not only to help curb the use of tobacco but also to make sure that the revenue from tobacco sales, if there are any, goes to the right spot. Thank you very much for your work.

Mr. Michael Perley: Thank you.

The Chair (Ms. Soo Wong): Thank you, Mr. Perley.

ONTARIO FEDERATION OF AGRICULTURE

The Chair (Ms. Soo Wong): The next presenter is the Ontario Federation of Agriculture: Mr. Don McCabe.

While the next presenter is coming up, I just want to remind the committee members that there is a stack of materials. The Clerk just told me that they were submitted while we were travelling across Ontario. So you have some bedtime reading tonight, folks.

Mr. McCabe, welcome. Good morning. I notice that you have another gentleman beside you, so, gentlemen, can you please identify yourselves for the purposes of Hansard and what positions you have with the Ontario Federation of Agriculture? You have 10 minutes for your presentation, followed by five minutes of questioning from the committee members. This round of questioning will be from Mr. Arnott, from the opposition party. You may begin any time. Thank you.

Mr. Don McCabe: Thank you, Chair. I would ask my colleague to introduce himself to the room.

Mr. Rejean Pommainville: My name is Rejean Pommainville. I'm a director for OFA. I represent region 14, which is what I could call the far east—Prescott and Russell, Stormont and Glengarry. I'm a farmer in Russell county.

Mr. Don McCabe: We very much appreciate the opportunity to bring our ideas and concerns forward to this committee for consideration in the upcoming budget.

First of all, allow me to introduce the Ontario Federation of Agriculture. We are an organization that represents 37,000 farmers from Manitoba to Quebec to the Kingsville area to the south, or Point Pelee, if you want to go further south. The bottom line: We're a general farm organization that covers a great number of issues. Within our brief, you'll find that we have touched on a number of things. I will not take the time today to go into depth in all areas but prefer to start off our discussion around the whole issue of energy here in the province, and the first point underneath that is to the issue of natural gas.

We thank the government for their inclusion and recognition of the need for natural gas infrastructure in the province of Ontario in the last budget. However, we are still awaiting the opportunity to implement those ideas and move that along with the dollars that were assigned to that exercise. Natural gas infrastructure is paramount to the competitiveness of Ontario farmers and our surrounding municipalities as we move ahead within a very competitive world environment.

We are coming off what most economists now call a supercycle. In other words, the issue of $8 corn is going to be a distant memory, and issues of staying competitive will be of the utmost importance as we move ahead. Natural gas infrastructure is definitively one of those areas where we need to move along.

You will see the recommendations that we have here in bold as we move through the document. Again, I will not take time to read to you what is already available there.

Moving forward, also underneath the issue of energy—and you'll be receiving a presentation later today, as I see from today's agenda, on the issue of looking at the farm and industrial electricity rate. This is again an

area where we wish to look at opportunities of lowering costs at the farm gate.

We always need to remember, when it comes to farmers, somebody had to be the "give" to the rest of the chain. What I mean by that is that farmers buy at retail, sell at wholesale and pay the trucking both ways. We have to be price-takers; we're not price-makers. Therefore, anything that's put onto us becomes a competitive cost.

So we are very much interested in seeing an indication in the 2015 budget that there is an opportunity to return to farm and industrial power rates, and that we would start to implement this in the 2016 budget by removing half of the provincial share of HST on the power bills; in 2017, remove the other half; and by 2018, use the expiration of the debt retirement charge to allow a third downward adjustment in rates. This would allow for the farm and industrial rate to come into effect without any new expenditures and to move Ontario's rates down.

Moving forward to the area of provincial transfers to municipalities, this is another area where the Ontario Federation of Agriculture wishes to make its voice known, and that's around the issue of the property tax rates that are assigned, or property taxes that are collected from those lands. Most of Ontario's farmlands are bare farms that do not require services, so we're finding that when it comes to property tax, this is becoming an undue burden for farms.

This means that some municipalities are now looking at opportunities to raise those property tax rates, and this, combined with the mismatch that's occurring when certain programs are implemented from Queen's Park with regard to transfer of funds back to municipalities, means rural municipalities are taking it the hardest.

0920

In fact, I am located in the municipality of Brooke-Alvinston and serve there as a fire chief. Next door is the township of Enniskillen. I also, as a fire chief, deal with the township of Dawn-Euphemia. Each one of those received a 20% cut, and that impacts the services that we're able to put together in those areas.

Moving to the last area of major importance that we wish to put on the record today is rural infrastructure investment. Rural infrastructure investment is not just bridges and roads; it's making sure that we have, back to the earlier issue, natural gas infrastructure. It means making sure that we still have hospitals that are there to be able to do initial care, and then we can move on to the larger centres. It means making sure that education is still in place for where we go. Also, the issue of Internet access: You cannot have rural businesses growing without access to the best of technologies in today's competitive environment.

We look at the issue of rural infrastructure as an exceptionally important issue, and it's much wider than bridges and roads. We are also working with certain municipalities to look right now at the issue of how to lower some of those infrastructure costs. We will have some advice coming back to the government on that particular issue.

With the time that I have left here, I'd like to touch on some other issues very quickly. That means the Ontario Risk Management Program funding—we know it is currently capped, but we also would ask that it be reassessed to enable more adequate risk management capacity with the farming sector.

The reason for that, as I mentioned, is that grain and oilseeds have come off a phenomenal rise up, and usually after a phenomenal rise up there's a phenomenal crash. That's where we're at now, and we're below cost of production on a number of issues for the grain and oilseeds sector. Beef, in particular, is on a phenomenal rise up, and that's due to a lack of progeny out there to raise that beef, but, essentially, they will follow suit in time.

The bottom line: Farmers require risk management tools to be able to move through the system. They are able to address most of the risk in their own operation, but there are certain spots where government rules and society's wishes need to be bolstered by society's dollars, and that's where risk management comes in.

No competitive environment can survive without appropriate agricultural research that's coming in the door. Ontario's agriculture today is benefiting from investments that were made five, 10 or even 20 years ago. We need to continue to be a leader in making sure that our agricultural research dollars are there and available for leverage by our universities and the global environment. This is of paramount importance to continuing the innovation in this in where we go.

We're looking for an increase in funding to $150 million per year for agricultural research, and we're saying: Please put that across in a number of areas and in a number of ways of delivering it. We're looking to establish a means to grow matching funds from farmers and farm organizations to leverage these dollars, as I've mentioned, even further.

One emerging area that I would welcome anyone from this committee or your colleagues to further understand is the whole area of an emerging bio-economy. With our yields that we have now available from some of our crops, I wish to stress: Ontario agriculture does not have any waste; we only have underutilized, underpriced opportunity. For anybody who wants to argue about food versus fuel, remember: 40% of what we sent you, you wasted. So don't tell me how to run my operation until you clean up your own.

The reality becomes that the bio-economy is a wonderful emerging deal here that Ontario is noted on the world's stage for. You have a BioAmber plant that's going to make succinic acid in Sarnia. It's a world-class facility. It's the tip of the iceberg. We have an opportunity to own this space. There have been good manoeuvres to date on bio-digesters to make electricity at the far end, but before that, it's composites and everything else for the auto sector and so on and so forth.

With that, I will close my comments, Chair, and look forward to questions.

The Chair (Ms. Soo Wong): Thank you very much. Mr. Arnott, do you want to begin the questioning?

Mr. Ted Arnott: Thank you very much, Madam Chair, and thank you very much, Don, for your presentation. It's, as always, professional, comprehensive and very well researched. We appreciate the input of the OFA. I've enjoyed working with you over the years, and I think you've done an outstanding job as an organization representing the interests of farm families, the agri-food industry, as well as rural communities.

A couple of your stats, I think, bear repeating. Production at Ontario farms sustained 158,000 jobs, with wages of $8.1 billion, in 2012. Farm-sector economic activity contributed $3.9 billion—almost $4 billion—in taxes to all three levels of government, including $1.4 billion to the government of Ontario in 2012. Ontario farm inputs contributed, rounded off, $27 billion in gross output in 2012, with a gross domestic product of $13.7 billion. The size of the industry is absolutely staggering, and we need to continue to remind all orders of government how important it is. So thank you very much for that.

You mentioned the Premier's challenge to the industry when she was Minister of Agriculture. She encouraged the industry to create 120,000 jobs by the year 2020. Everybody's talking about it because 2020 is coming up. It's only five years away. How do you think we can achieve that? Whether or not we can achieve that, I think, is largely dependent on support from the provincial government, not just issuing a challenge. What specific steps would you suggest the government needs to do to help the industry achieve that goal?

Mr. Don McCabe: Thank you for the question. Yes, we're only five crop sleeps away from 2020. That's not meant to be sarcasm; that's meant to be that within those five years you will see continued innovation that will come about, but it will only come about with an infusion of what has been mentioned in this budget document.

I want to come back to the issue of how we need research investment today that's ready for 2021, to push us further. We need natural gas infrastructure built and put in place and those routes established to move us forward. We need the opportunity to get our electricity rates back in line with most of North America. We need the opportunity to see these investments. In general—again, it's not meant to be sarcasm—I can't move the farm, but if you narrow the distance that I have to move my product to, that removes a barrier to competitiveness, bar none. Therefore, it's the issue of drawing new businesses and jobs to this location.

If you wish, Rejean, I'd like you to pick up on what that would mean for eastern Ontario.

Mr. Rejean Pommainville: I'm very proud of this document. The board of directors has worked quite a bit to develop this document. It's a global approach. If you only take one aspect of it—if I take natural gas, the regulations with it and everything, the red tape and everything; everything has to work together. That's what's important for the farmers of eastern Ontario and farmers all over the province.

We're asked to produce more. The population is growing. The demand on farmers is increasing. We're trying to do our best, but the government has a responsibility to ensure that the rules and regulations that we adhere to and the atmosphere, the—I'm French; sometimes the words don't come to me easily. I think it's important for the government to collaborate with the farmers and farm organizations to make sure that we are progressing in the right way.

The Premier gave us a big challenge. We are willing partners to address this challenge, but you've got to help us by giving us the tools to be able to do this.

Mr. Ted Arnott: The 2014 provincial budget was presented in the Legislature in the spring of last year. As we know, the New Democrats indicated publicly that they would not support it. After that, the Premier decided to call the election, not giving us an opportunity to debate the budget and not giving us an opportunity to vote on it. She went ahead and dissolved the House. The election took place. Of course, the government was re-elected. They introduced an identical budget in the Legislature in the summer.

You mentioned that in the 2014 budget there was a commitment to help extend rural natural gas via a loans and grants program. Here we are talking about the 2015-16 fiscal year with the budget that is pending. Would you not have expected that by now there would be some details about the loans and grants program that the government announced in the previous budget?

Mr. Don McCabe: The short answer is yes.

Mr. Ted Arnott: I would have too, and I would hope that very soon we'll hear some additional details from the government on that.

You mentioned with respect to electricity that we need to "Announce a return to farm and industrial power rates in the 2015 budget." When did we last have a different farm and industrial power rate in the province of Ontario?

0930

Mr. Don McCabe: To be honest, Mr. Arnott, I cannot give you the exact year, but there's a gentleman who will be here at 3:30 today who was probably around to help make that program happen: Ted Cowan. He'll be able to give you that exact year.

Mr. Ted Arnott: And I should know that too, but I was just trying to get clarification on that. Hopefully we can get an answer, perhaps from legislative research.

The Chair (Ms. Soo Wong): There's no more time for your questions.

Mr. Ted Arnott: Again, as one of the members representing rural Ontario on this committee, I want to express my appreciation to the OFA for your presentation.

The Chair (Ms. Soo Wong): Thank you very much, gentlemen, for being here this morning, and thank you for your written submission as well.

Mr. Don McCabe: Thank you for your time today, committee.

ONTARIO PUBLIC SERVICE EMPLOYEES UNION

The Chair (Ms. Soo Wong): The next group coming before us is the Ontario Public Service Employees Union.

Mr. Warren Thomas, the president, will be here. Mr. Thomas, I think the Clerk is going to help to distribute your presentation. Welcome, sir.

Mr. Smokey Thomas: Thank you.

The Chair (Ms. Soo Wong): As you heard, you have 10 minutes for your presentation, followed by five minutes of questioning from the committee. This round of questioning will be from the third party. You may begin any time. I also see one of your colleagues with you. Can you both identify yourselves for the purposes of Hansard, as well as your positions with OPSEU? Thank you.

Mr. Smokey Thomas: Good morning. I'm Smokey Thomas, president of the Ontario Public Service Employees Union. With me today is our political economist, Randy Robinson.

We're here to talk about the next Ontario budget on behalf of roughly 130,000 Ontarians whose work adds value to the lives and communities of every person in this province, including every person in this room. Not a day goes by when you don't benefit from the incredibly varied and vitally important work that OPSEU members do. Taken together, the work of OPSEU members makes Ontario a kinder place, a safer place and a smarter place. We make it a better place. The work of the public sector also makes Ontario a more prosperous place.

Overall public spending at all levels of government provides roughly 20% of the jobs in the Ontario economy. But here's an interesting fact: Among employed people in Ontario, 32% live in a household where at least one person works in the public sector. What this means is that when you cut wages and benefits for OPSEU members or other public employees, you're cutting into the spending power of nearly one third of the working people in this province. You're cutting family spending power, and that is gutting our ability to create good jobs with good pay in this province. The Centre for Spatial Economics, a mainstream forecasting firm, has estimated that the economic drag from the current government's austerity program will reduce the number of jobs in Ontario by 105,000 in 2015 and cut GDP growth by 0.6 percentage points.

Slower growth, of course, means lower tax revenues. It is no wonder that after five years of wage freezes and benefit cuts across the provincial public sector, the Ontario deficit is actually going up. Austerity is not working. It's time to stop the wage cuts. It's time to start putting money back into working households. It's time to boost consumer demand so this province can create more of the good jobs with good pay that this province needs.

Stronger public services are good for people and they're good for the economy, but right now our public services are starving right across the board. It's time to put money back into those services. People need them. People deserve them. People depend on them.

Just as importantly, it's time to raise the living standards of our poorest Ontarians. Recently, there was a lot of media attention on social assistance because of the SAMS computer system's difficulties with issuing correct cheques. What we didn't hear about was just how small those cheques were.

A single person on Ontario Works cannot get by on $626 a month. We need to raise the rates substantially for both Ontario Works and the Ontario Disability Support Program. Tiny hikes below the rate of inflation just don't cut it. As I've said to many finance ministers, a 1% raise on nothing is nothing.

We can afford to care. At present, Ontario has the lowest public spending per capita of any province in Canada, but at the same time, our GDP per capita is at record levels. There is lots of money in this province. We can afford the public services people need and expect from their government in a First World nation. What we cannot afford is to funnel the wealth of this province to the people who need it least.

The last 20 years in Ontario have seen a massive transfer of wealth from regular people and the public services we depend on to big corporations and the high-income individuals who live off them. This has happened through tax cuts and it has happened through privatization.

Much has been said by others about taxation, so I will only say this: At a time when Canadian corporations are sitting on more than $600 billion in cash, we need progressive tax measures that will breathe life back into public services and get some of that dead money back into circulation in our communities. That money could be creating jobs and improving services. That money should be creating jobs and improving services.

On the issue of privatization, we've gone far past bad policy; we're now into a full-blown crisis. We all saw the Auditor General's report. We all know that we've paid $8 billion too much for major infrastructure projects because of the government's alternative financing and procurement model. We all know that that money came straight out of the public purse. In terms of lost money, it's at least 100 times worse than what happened at Ornge. At the very least, it warrants a special investigation by the public accounts committee.

Unfortunately, it's not only infrastructure projects that are throwing away public dollars on privatization. The government's policy of alternative service delivery is shovelling dollars by the bucketful to companies that are delivering services at higher cost than the public sector. The excessive costs of contracting out government IT services, medical lab testing, LCBO agency stores and other services have been well documented. It is costing us hundreds of millions of dollars each and every year.

Clearly, we need to get privatization under control. That's why I and my colleagues at OPSEU have proposed legislation to rigorously test proposed privatizations so that bad proposals can be rejected before they do damage. Under our five-point plan, a new law would require that:

(1) No public service will be privatized or contracted out without public consultation and clear evidence that privatization will lead to improved services.

(2) Any decision to privatize or contract out a service will not be made without a full and open review by an independent body or individual who will ensure that full

cost-benefit analysis and comprehensive social and economic impact studies are conducted.

(3) Public sector workers and their representatives and other interested parties shall have standing in the review process.

(4) The reviewing body or individual will issue and table with the Ontario Legislature a final report with recommendations along with all studies and analyses.

(5) In the event that a specific privatization is recommended, employees will have the ability to move to the new employer with existing rights, benefits and entitlements.

I would be delighted to see enabling legislation for this in the budget bill. I actually asked the Premier a week ago last Sunday—we had this five-point plan on the bargaining table in OPS. She said that she's not going to bargain it. So I said, "How about putting it in legislation?" We'll see if she's given that any thought.

This year, I've purposely shortened my presentation to allow more time for questions, and we'd be pleased to take your questions now.

The Chair (Ms. Soo Wong): That would be great. Thank you very much. Ms. Fife, do you want to begin the questioning?

Ms. Catherine Fife: Thank you very much for coming in and sharing your opinion. I don't think anybody here is questioning anything that you're saying, but what I do want you to get to is that, whether it's eHealth or Ornge or MaRS or the P3 infrastructure projects, Smokey, what advice would you give this Premier as to where the dollars are actually going?

Mr. Smokey Thomas: The advice I have given her and would give today is to stop all privatizations. I've asked that of Dalton McGuinty, Dwight Duncan, Matthews, Wynne, everybody, and even back into the Tory years, and to do the five-point plan. Deb Matthews, Kathleen Wynne, Dalton, Dwight, they all said to me, "We can prove to you that privatization saves money and that it's better for the taxpayers." I said, "Then prove it. You'll shut a guy like me up."

Ms. Catherine Fife: Yes, and so—

Mr. Smokey Thomas: And you know what? Let me finish. Last September, Deb Matthews says, "I'll have the evidence to you within two weeks." I'm still waiting. You know why they don't send me the evidence? Because there is none because privatization is a rip-off of the taxpayers' money.

Ms. Catherine Fife: So that leads me to—and you reference it in your presentation—the annual report from the Auditor General from 2014. Why the P3 model of alternative financing procurement has not gotten more attention in this province is very surprising, actually. In that report, the AG, an independent officer of this Legislature, found that we're borrowing money at the highest interest rates. There's no empirical evidence to justify or rationalize the transfer of risk. In fact, that risk just gets downloaded to the small guys, the smaller contractors. Even the value-for-money assessments were conducted by companies or corporations who said that they couldn't verify the numbers. She highlighted a conflict of interest.

0940

These are very serious issues, and I think there's a theme that resonates through all of the privatization agenda of this government. Do you want to comment on that?

Mr. Smokey Thomas: Yes, I do. Good question. This Liberal government attacked the Auditor General, whose credentials, I think, are without question. I just find that egregious. They call me ignorant, but that's more ignorant than anything I've ever done to anybody.

On the P3s: Let me put it in perspective. This risk transfer—I've been asking about this for a long time; so have the Ontario Health Coalition and a lot of people. They say, "No, the risk is transferred down the road. We don't have any risk." Well, let me tell you how these P3s work. If you go to Waypoint, the new mental health facility up north, or any other hospital—the contractor owns and runs the building. You can't hang a picture without going to the contractor, to get the contractor to pay for it. You've got to pay him to do it. They'll charge you $100, $200, $300, $400 to hang a picture, never mind fix the leaky toilet that should have been warrantied. There is no forward risk for the contractor, because the taxpayers pay all the bills along the way. It's just unbelievable. We called for a public inquiry into it.

Again, I've been asking the government to show evidence to us. What ends up happening after this in hospitals is that they're closing beds because the government doesn't fully finance and the hospital has to come up with more money. Where I'm from, at the former Kingston Psychiatric Hospital, we're closing beds. There's no corresponding service in the community.

So it just really screws all of society to make a few companies filthy rich.

Ms. Catherine Fife: Very rich, I would say.

In your recommendations, you ask, in particular with regard to the P3 findings of the AG, that we should at least do a special investigation by the public accounts committee. I just want to pull that back a little bit. As far as I can tell, as finance critic, the public accounts are the most accurate numbers in this place because it's the money that has been spent. The public accounts show, even on the IT file that OPSEU has highlighted, that we are paying two to three times as much as we would if the public service employees were delivering those services, and this government doesn't seem to care about that.

If we try to push for this investigation—I'll support any investigation to save the people of this province $8 billion. What would you hope to see out of a full investigation by this committee?

Mr. Smokey Thomas: I'd like to see everything. We have an example right now in bargaining. They brought a private contractor to the bargaining table to say, "Here's what we'd like you to agree to." This contractor, who was a deputy minister in the government, set up privatization, worked on the health care file, on benefits and stuff. She went off, retired, drew a pension—probably a $150,000- or $200,000-a-year pension—set up a company, then came back and wants to bid on overseeing the

benefits. What she wants to do is—she has a third-party company. So my doctor would write me a prescription, and that prescription would then have to go to this third party to be approved or amended. You can imagine what we told them. Suffice to say, the answer was no.

What I find absolutely flabbergasting is that in bargaining, they would bring a private contractor to the table and say that they want us to agree to that contractor, who probably hasn't been gone two years and is violating—I send letters all the time to the government about managers who leave and set up companies, come back, bid on IT and get it. Do you know what the government does? Nothing. So I'm going to start to publish a list in the paper of all these managers who have gone off and set up corporations, come back and bid on work. I'll shame the hell out of them. I'm sorry to swear. I'll shame them to death, if I have to.

The Chair (Ms. Soo Wong): Mr. Thomas, thank you so much for your presentation, and thank you for your—

Mr. Smokey Thomas: I'll just close by saying to the Liberals, the war is—

The Chair (Ms. Soo Wong): Thank you.

ONTARIO MUSEUM ASSOCIATION

The Chair (Ms. Soo Wong): The next presenter is the Ontario Museum Association: Marie Lalonde, executive director. Welcome. Good morning.

Ms. Marie Lalonde: Good morning.

The Chair (Ms. Soo Wong): Ms. Lalonde, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be coming from the government side. You may begin any time. Please identify yourself for Hansard purposes.

Ms. Marie Lalonde: Good morning. I'm Marie Lalonde. I'm executive director of the Ontario Museum Association. Je suis directrice générale de l'Association des musées de l'Ontario.

The Chair (Ms. Soo Wong): Ms. Lalonde, before you begin, you could speak in French, because we actually have official translators.

Ms. Marie Lalonde: Thank you. I will be speaking in English.

The Chair (Ms. Soo Wong): Okay. I just wanted to make sure.

Ms. Marie Lalonde: The Ontario Museum Association is the leading cultural organization in Ontario that is working to ensure a relevant and sustainable museum sector in the province for the benefit of Ontario citizens, as well as our global community. Together, our province's museums create a network that tells the story of our province and its people. We create a framework for understanding and social cohesion.

The Ontario Museum Association has over 1,100 members from every corner of Ontario. We have members in all your ridings. In fact, a few members of the committee have members in their ridings, and I'm thinking of St. Mark's Coptic Museum in your community, Ms. Wong; and of course, Ms. Fife, the Waterloo-Wellington regional museum network. That is a very dynamic group of organizations. Each museum has a mandate and a program that enriches our collective appreciation of the quality of life in Ontario. Together, our members tell the story of our province's history, and we also help Ontarians understand the changing dynamic and diversity of the province.

Museums have moved well beyond the 19th century to become an important player in understanding and interpreting the current context in which we live. I'd like to speak, for example, of the Markham Museum. It's a great example of a museum that plays an important role in its community by responding to and being very inclusive of its diverse cultural population. We know that Markham is possibly the fastest-growing Canadian city, and it has as well a fast-growing population of new Canadians. The museum interprets history from before settlement. It has recently, for example, set up an archeological lab. Volunteers and interested citizens are learning the beginnings of their community, how to understand artifacts, their meaning, and also how to interpret and properly handle these objects.

These museums offer, as do all of them across the province, a variety of programs, from March break for kids to summer camps. There was also, last year, a monumental project with York University—Land/Slide: Possible Futures—which looked at fast-changing urban spaces and urban planning. There is the upcoming Canada: Day 1. It's an exhibition which explores the immigrant experience. It is a participatory exhibit which speaks to firsts: first steps, first experiences coming to this country. It was developed in partnership with Pier 21, where some of my own family came. My husband's family first came to Canada through Pier 21 and to Ontario to build their lives, making their own important contribution to our province, and proudly so.

Museums show Ontarians how they can participate and engage with their new community. They find their place in Ontario, their new home. It also provides youth with opportunities, from doing the 40 hours of volunteer service, to find peers who understand their own experience, growing up as first-generation Canadians in new cultural and social settings.

Museums in Ontario are part of what builds Ontario up. They play an important role in the economy and vitality of communities across the province. Through a very modest provincial government investment, this province boasts leading institutions, from the province's Royal Ontario Museum to the McMichael Canadian Art Collection; and, of course, a number of small but vital community museums across the province, like the Sheffield Park Black History and Cultural Museum in Collingwood or the Dufferin County Museum and Archives, which tells the story of the agriculture of that region.

Ontario's 700 museums, galleries and historic sites contribute significantly to the province. I'm sure you're aware that the cultural sector contributes $22 billion to the province's GDP. They employ 10,000 Ontarians, and

over 16,000 volunteers are engaged. They're a key part of our tourism economy, attracting two fifths of the Ontario-bound tourism market. That translates into almost nine million visitors each year. If I may add, with the devaluation of the dollar, our cultural assets become even more important.

0950

Museums leverage investments from the Ontario government and other public partners to create economic and qualitative benefits to Ontarians.

Ontario museums invest in our province's people. We're part of what makes Ontario communities among the best to live in. The list that recognizes this internationally is long.

Forty-eight per cent of Ontarians visit a museum or gallery each year. Annually, more than a million visits by schools are made to our museums, supporting the education curriculum.

Museums are often key partners in important civic recognitions like the 400th anniversary of the francophone presence in Ontario this year, in 2015, and the upcoming Pan American Games. We will be celebrating Heritage Day at Muséoparc Vanier—Museopark—highlighting the rich history and contributions of Franco-Ontarians. Some of our members, such as sports halls of fame and museums, will be contributing to the Pan Am celebration and legacy.

Through the programs and collections of Ontario's museums, we foster a sense of well-being and community cohesion. We contribute to the quality of life that we enjoy in our province and that brings people to this province to live.

Ontario museums do all this with limited resources, including those from the government of Ontario. I acknowledge, while stating this, that we are not insensitive to the fiscal challenge that is before the province and the government. The realities are there, and we recognize them.

Ontario's investments in museums and the cultural infrastructure we support are stagnant. The Community Museum Operating Grant program, which supports institutions like the museums of Prince Edward county, has not grown since 2007. Support to the provincial agencies, like the ROM and the McMichael, that are a very important part of the museum ecosystem, with travelling exhibits and conservation support—they support smaller institutions—has declined since 2012, all at this time when the cultural sector continues to be an economic driver for Ontario, contributing to our province's growth.

To adapt and respond to eroding public resources, museums innovate. They develop partnerships. I know that last week you heard about the Timmins Museum and its partnership with the orchestra locally. They are all good things. They're all initiatives which our members support, and our sector does as well.

In our view and the view of our members, we're at a point where we can no longer tighten our belts. Museums are doing all they can with limited resources, but now operations are suffering and opportunities are missed.

Going forward, museums continue to be prepared to take bold transformative steps to ensure that our institutions provide valuable services and contributions to their communities. We can't do it alone, though.

The Ontario per capita investment in museums is among the lowest in the country. Our institutions are stretched, as is our workforce. We have less and less opportunity for qualified graduates who want to become the future museum workers.

The Chair (Ms. Soo Wong): Ms. Lalonde, can you wrap up your presentation, please?

Ms. Marie Lalonde: I will.

As Ontarians look forward to important historic celebrations, we recommend and request that the Ontario government invest adequate resources in our province's museums. This means engaging with us in a transformative dialogue. We don't expect it all to happen this year, but over time, and we are seeking sustained and increasing investment, commensurate with museums' contribution to our communities and our economy.

Thank you very much. Merci.

The Chair (Ms. Soo Wong): Thank you very much. This round of questions will begin with Ms. Vernile.

Ms. Daiene Vernile: Good morning, Marie.

Ms. Marie Lalonde: Good morning.

Ms. Daiene Vernile: Thank you very much for coming and appearing before this committee and giving some insight into the important work that you and your association are doing in helping to preserve Ontario's rich history.

Your association recently received funding from the Ontario Trillium Foundation. This was to provide bilingual community engagement. Can you tell us a little bit about that? What was the outcome of that?

Ms. Marie Lalonde: Thank you for bringing that up. We're very grateful for the support from the foundation to assist us. It is a program that looks to museum succession in a general way and has enabled us to deliver some workshops to communities across the province for better, improved and stabilizing governance in our museums. Similarly, there is support to the workforce, the emerging museum professionals. In French, in particular, we're developing important resources, again, for the governance of those organizations. It is an important investment, and we are ensuring that we reach as many of our 700 museums, but clearly that is a work in progress.

Ms. Daiene Vernile: The Ontario Museum Association also receives a summer experience grant every year. Can you tell us how that has had an impact on your association?

Ms. Marie Lalonde: It is again a very valuable grant. We are able to provide seven weeks to often, I would say, high school students who may be showing some interest in the field of museums and heritage. This is an important, albeit short and minimum-wage, grant that we benefit from.

Ms. Daiene Vernile: Marie, I'll tell you, my husband is a director at a theoretical physics institute in our Waterloo region, and they are actively recruiting scien-

tists to come and work at the institute. They're up to 150 scientists and they're still recruiting. The number-one question that these young scientists ask when they're considering moving to our area with their families and children is not about the cost of housing and not about schools; what they want to know is, "What is there to do in Waterloo region and in Kitchener–Waterloo?" They want to know about museums, art galleries and other cultural attractions. What role do you see yourself playing in building Ontario's economy?

Ms. Marie Lalonde: Museums help build the province up. We've talked about it. I've mentioned it. It really is about not only providing an authentic and important experience to newcomers, visitors, people and local residents and provide exactly that: the quality of life that they seek for themselves and their families. But there is also that interest in museums—offering museums as an experience that can be an asset in terms of tourism. We often think of tourism and look at the important infrastructure of hotels etc., but the point is that people come to experience what the museums have to offer. What is really being worked on is an important offer to all Ontario citizens and newcomers. It's crucial work. In many ways, precisely, these scientists on their own will often visit the very museums that hold the records of all the research and often can help improve their own work on a daily basis.

Ms. Daiene Vernile: You mentioned that almost half of all Ontarians reported that they visited a museum in the past year.

Ms. Marie Lalonde: That's correct.

Ms. Daiene Vernile: What can you do to boost those numbers?

Ms. Marie Lalonde: We'd like to look at what current support and mechanisms are in place. We'd like to look, for example, at the current programs that are in place for which we are very grateful but that haven't been updated—for example, the Community Museum Operating Grant program—since the 1970s. So we know that museums are responding to the opportunities that the digital world creates. We now are a global community, and youth is engaged more and more. We want to see how we can revisit perhaps and work in a transformative way with government to create new opportunities.

The Chair (Ms. Soo Wong): Ms. Lalonde, thank you for your presentation. If you would like to submit your presentation in writing to the committee, you have until tomorrow, 5 p.m.

Ms. Marie Lalonde: Thank you very much. Merci beaucoup.

ONTARIO HOME BUILDERS' ASSOCIATION

The Chair (Ms. Soo Wong): The next presenters are the Ontario Home Builders' Association. I think I saw Joe. Yes, he's standing right there. Welcome, Joe. I believe your colleague, Michael, is also joining us. As you know, you have 10 minutes for the presentation, followed by five minutes of questioning from the committee members. This round of questions will be from the official opposition party. You may begin any time. Please identify yourself for the purpose of Hansard. Thank you.

1000

Mr. Joe Vaccaro: Ms. Chair and members of the committee, my name is Joe Vaccaro. I serve as the CEO of the Ontario Home Builders' Association. Joining me is OHBA's director of policy, Mike Collins-Williams.

Thank you for providing us with the opportunity to give our recommendations for the upcoming provincial budget. In addition to our remarks today, we have prepared a comprehensive written pre-budget submission that I believe you have just received.

We also appreciate the opportunity that you provided the Greater Ottawa Home Builders' Association, the London Home Builders' Association, the Sudbury and District Home Builders' Association as well as the Niagara Home Builders' Association to address you over the past two weeks. I understand that they focused their recommendations on the underground economy and local infrastructure priorities.

Today I'll start OHBA's remarks by giving you a brief overview of Ontario's housing market, and then address a different set of recommendations than our local associations have already provided, and that is about taking the politics out of planning to support economic development and investment-ready communities.

OHBA represents 4,000 member companies organized into a network of 31 local associations across the province. The residential construction industry supports over 322,000 jobs paying over $17 billion in wages, and contributes over $43 billion to the provincial economy. In 2014, we experienced a 3% decline in housing starts from 2013. I should mention that 2013 was actually already down 20% from the previous year. CMHC is, however, forecasting a slight uptick in activity for 2015. But our message to you is that despite all the cranes you see on the skyline here around Queen's Park, across Ontario it has been a different story. It continues to be absolutely critical that all levels of government work with the industry to reduce barriers to investment and lay the foundation for sustainable, long-term economic growth in Ontario.

I'd like to highlight a recent TD Economics report, GTA Housing Boom Masks Growing Structural Challenges, which states concerns that housing that is affordable for people to purchase and to rent has become an obstacle for many Ontarians. A growing share of households are struggling amid rising housing costs. OHBA is concerned that escalating taxes, charges and fees across Ontario are having a negative impact on housing affordability and choice. As taxes and other government charges increase, these are not absorbed by the industry but are added to the cost of a new home and to new business centres.

I'd like to highlight that a recent study by the Altus Group found that up to 23% of the cost of an average home in some GTA municipalities were "new neighbours

taxes" and that a 2010 CMHC study, which was conducted before the HST came in, found that new homes in Ontario were among the most heavily taxed in Canada. These taxes include, but are not limited to, development charges, GST/HST, provincial land transfer taxes, municipal land transfer taxes in Toronto, density bonusing fees, parkland dedication fees, permit fees and many, many more.

In saying this, I want to be clear that home builders support the principle of financing infrastructure that is directly tied to the communities they build. But I caution that a better balance needs to be struck between the costs assigned to new neighbours and those assigned to existing homes and businesses. Failing to address this imbalance will have an impact on future affordability of homes and on economic growth.

I'll turn it over to Mike to discuss the politics and planning aspect of our presentation.

Mr. Mike Collins-Williams: Thanks, Joe.

Land use planning is really about economic development. That's why there must be better alignment between land use planning and infrastructure planning; specifically, transportation infrastructure. That means that when you invest in infrastructure, it needs to be in the right place, where it will actually attract significant private sector investment and development. Furthermore, infrastructure investments such as transit need to be packaged with implementation tools, including pre-zoning, to create certainty and investment-ready communities.

Our members in the private sector will invest in transit-oriented communities, but we require better planning certainty to bring these communities on stream in a more efficient and affordable manner, to make the transit investment component work, which means taking the politics out of planning.

Last year, in Minister Sousa's original budget speech, on May 1, he even used those exact words: "We will take the politics out of planning." He was referring to transit planning, but we believe the same principle should apply to land use planning, especially in transit corridors.

Through recent consultations on the land use planning and appeals system, we addressed this issue directly through recommendations that really focused on greater municipal leadership and on getting things right at the beginning of the planning process. If we can improve the planning framework by creating more certainty and transparency at the front end of the planning process, that will, in turn, reduce conflicts and tension at the back end of the process, which we believe will result in far fewer appeals to the OMB and, most importantly, towards better outcomes. This means that the province must be more assertive in enforcing the Planning Act where it requires municipalities to update their official plans every five years and that zoning be updated within the next three years.

We need a system where local planning implementation policies actually reflect provincial policy. Many municipalities across Ontario have outdated official plans, and, to be blunt, zoning in many Ontario communities is so archaic, it practically means nothing. Just outside this building here, most of the zoning in downtown Toronto has not been updated since the 1970s, and in many areas of North York it's even worse: since the 1950s. This isn't just a Toronto issue, as the same out-of-date zoning issues are found in the downtowns of London, Ottawa and many intensifying suburban communities. A significant number of planning conflicts, and ultimately appeals to the OMB, occur when applicants conform to provincial policy but have to go through a municipal process based on decades-out-of-date planning documents. This is really about supporting economic development and providing planning certainty for governments, development proponents and existing community ratepayers.

I should note that out-of-date zoning requires that just about every project submit an application, and regardless of whether it's from a developer, a non-profit social housing provider, or a builder of rental housing, all of these applications make their way to council for a political vote. If the public interest is to be served and we are committed to transit-oriented, location-efficient communities with the necessary social infrastructure like shelters, we need to be more focused on getting things right at the beginning of the process and taking the politics out of planning. This will reduce friction between governments, development proponents and community groups, which would also reduce the amount of conflict and appeals to the OMB.

Before turning it back to Joe, I just want to speak briefly about investment-ready communities. A few years ago, in 2005, when the Premier and Minister Cordiano secured the Toyota plant, they required a host municipality with the right labour requirements and the necessary infrastructure to bring their product to market. They found that in Oxford county. The problem was that the community wasn't actually ready to receive that investment due to land use planning obstacles. A rarely used ministerial zoning order was required to put the approvals in place to get that project off the ground.

Obviously, the solution here is ensuring that we have an economic development framework for investment-ready communities, not through rarely used ministerial zoning orders. We require a better planning framework in which the province ensures that municipal zoning bylaws are modernized and conform to provincial policy.

OHBA therefore recommends that the province become much more assertive in enforcing the Planning Act, which currently has a legislative requirement that municipalities update their zoning every five years and that the zoning be updated within the next three years. We also recommend that if the province is going to fund billions in transportation infrastructure, the funding should be contingent on modernized municipal zoning to create investment-ready communities along these transit corridors.

Lastly, I'd like to thank the province for supporting investment-ready communities by amending the building code to support more affordable design options by allowing for six-storey wood-frame construction.

I'll ask Joe to conclude our presentation with a discussion about better aligning land use planning and infrastructure financing.

Mr. Joe Vaccaro: OHBA strongly supports infrastructure investments made to support strategic projects to create jobs, enhance productivity and improve our quality of life. We believe in the expansion of core infrastructure, and by that I mean prioritizing roads, bridges, transit, water and waste-water over other types of infrastructure to support a growing economy.

Investments made by the public sector facilitate additional private sector investment and job creation by our members. Recent examples of this across Ontario include high-rise intensification projects occurring in growth centres adjacent to new transit lines being constructed by Metrolinx, as well as in Waterloo region and Ottawa. Our current president, Vince Molinaro, is in fact constructing five condo towers right beside the Burlington GO station in a new transit-oriented complete community. These are great examples of partnerships between the public and private sector that yield community dividends through new jobs, new municipal assessment growth and economic growth.

In the recent election campaign, the governing party committed to $130 billion in infrastructure spending over the next 10 years. OHBA is supportive of the two dedicated transportation funds. We note that a recommendation we brought forward to this very committee a few years ago to dedicate additional cents from the existing gas tax towards transportation improvements has now been adopted by the government. We applaud that decision and look forward to continuing to work with the province in the creation of strong, healthy, complete communities.

OHBA strongly recommends that the infrastructure financing be more closely aligned with land use planning policy. Public policy goals to enhance productivity and support economic growth require an alignment between infrastructure financing and municipal planning policy. We are very concerned that a disconnect between many municipalities and the province has emerged, which has become a barrier to smart and effective public policy implementation to support investment-ready communities.

1010

I'd like to thank you for listening to our remarks, and, in closing, I'd like to reiterate our key themes.

First of all, we are concerned that escalating taxes on "new neighbours" are eroding housing affordability.

Secondly, we support better alignment between infrastructure financing and land use planning to create investment-ready communities. This means modernizing municipal zoning to ensure that areas receiving infrastructure investment are pre-zoned for development.

Thirdly, we support continued provincial investment in core infrastructure.

Let me also note that these recommendations do not cost the Ontario treasury any additional dollars. These are things already committed to. It's just a question of moving these things forward.

Mike and I look forward to your questions. Thank you for your time this morning.

The Chair (Ms. Soo Wong): Thank you very much. Mr. Fedeli, can you begin the questioning?

Mr. Victor Fedeli: Thank you very much, Joe and Michael. Welcome back to the committee. It's nice to see you back again this year.

In your colourful presentation, you talk about how the residential construction industry is the engine that drives Ontario's economy. Being from northern Ontario, of course, we like to say that we provide the fuel for that engine, the minerals and the wood that are required, which was also why I promoted so strongly the six-storey wood building private member's bill throughout 2011-12, 2012-13, and 2013-14. I'm very pleased that the government, through regulation, provided it, and very pleased to see the cover of your brochure with such a beautiful picture of wood.

Your number one issue was taxes. What do you feel the government should be doing in that number one in your summary, the tax issue? How do you propose the government go about resolving that issue for you?

Mr. Joe Vaccaro: The provincial government launched a consultation a few years ago around the land use planning and development charge piece here, the Development Charges Act, and our recommendation to the government was greater accountability and transparency on those taxes. Consumers who are purchasing new homes and business owners who are setting up new businesses are getting a final price, but do they fully understand that 25% of that price is a tax of some sort? Do they recognize that those taxes are based on an infrastructure plan, a parks plan, a school plan? Do they fully understand and appreciate that the municipality has a responsibility to account for how that money is spent? Because those investments that they are making reflect back on their quality of life as well.

So, in our view, it's really a question of greater accountability and transparency. We recognize that it's a very difficult engagement that we have to go through as developers—our members, as developers, when they are going through a development charge review, because ultimately the question becomes, "Well, you need to finance these improvements." From a developer perspective, the question really becomes this: Every dollar you add to that charge, fee, levy, parkland rate, whatever it may be, will make its way structurally back into the price of that home. So you, as a municipality, have a responsibility to let that new home owner know: "Our commitment to you, as a result of these charges, is that you will have a school in five years, that those roads will be repaired, that infrastructure will be in place." That's the commitment that the municipality needs to follow up on.

On the other side, into the provincial government's own involvement in this, there are two things we would leave with the provincial government to think about.

We have said for many years that at some point the HST rebate level will have to be reviewed. As homes

escalate in cost, that rebate gets reduced in terms of what goes back to that consumer. The federal government made a commitment in 1991 that they would review the GST rate, the threshold rate, on a regular basis. They have yet to do that. So, incrementally, that rebate has gone from providing a rebate to 90% of people to providing a rebate for less than 20%. That's an issue. So we are looking to the province to consider, in that space, to be responsible to that threshold.

The second piece really is the province ensuring that when they make an infrastructure investment like, for example, the Eglinton Crosstown—when you make that investment, your municipal partner has a responsibility to move land use planning forward, because when they don't move that forward, what we're seeing is applications coming for improvements along that line, for density along that line, which makes sense. But because the current zoning sits at 4%, the municipality is then able to negotiate new density bonusing fees on an old zoning border. That disconnect is resulting in large negotiated settlements between development applications and municipalities. That finds its way back into what should be the most affordable kind of housing for Torontonians.

Mr. Victor Fedeli: Joe, the province offers municipalities something similar as the feds do. The feds give every municipality a gas tax rebate. The province gives the gas tax rebate to 93 of the 444 municipalities. They only give the rebate to those with transit.

Our party has brought private members' bills year after year to offer the gas tax for municipalities to use for infrastructure in all 444 municipalities. Is that something that you feel would assist in the core infrastructure development in all the communities along the way?

Mr. Joe Vaccaro: Our challenge here is that we want the government to prioritize their investment in areas that can leverage further economic development and growth.

Mr. Victor Fedeli: Such as giving it to all 444 municipalities?

Mr. Joe Vaccaro: If moving in that direction provides economic growth opportunities for municipalities and, by extension, means that the development industry has an opportunity to leverage those investments for future economic growth, then we would certainly be supportive of that. That's—

The Chair (Ms. Soo Wong): Okay. Thank you very much for your presentation, Joe and Michael. Thank you for being here. Your written submission is beautiful.

ONTARIO ENGLISH CATHOLIC TEACHERS ASSOCIATION

The Chair (Ms. Soo Wong): The next presentation is from the Ontario English Catholic Teachers Association. Mr. James Ryan, the president, is here.

Mr. Ryan, you have a colleague who is going to be joining you. Thank you for being here. As you heard, you have 10 minutes for a presentation, followed by five minutes of questioning. This round of questions will be from the official third party. Before you begin, can I get both of you gentlemen to identify yourselves and your positions with your association for Hansard purposes?

Mr. James Ryan: My name is James Ryan. I'm president of the Ontario English Catholic Teachers Association. I'm joined by Tom Doyle, who is an executive secretariat member of the association.

I'd like to thank the committee for the opportunity to present to you this morning. As I mentioned, I am president of the association. We represent approximately 50,000 women and men who teach in Ontario's publicly funded English Catholic schools.

For over 170 years, English Catholic schools and French Catholic schools have been providing a holistic approach to education in this province that goes beyond just academic excellence and also looks at character, morality and a sense of the common good and social justice. We have excellence in our system—all four systems in Ontario are excellent—and we have high levels of parental satisfaction. Many non-Catholic students attend our English Catholic schools throughout the province, as they do with French Catholic schools.

I'd just like to say that we are one rather large component of what is overall an excellent publicly funded educational system in this province. As we know, thanks to the contributions of all three political parties over the years, Ontario, along with Alberta, ranks among the highest-performing educational systems in the OECD, something that we're certainly all proud of.

We also think that calls to amalgamate are not made up to what they promise. There's no evidence that they would save money. Amalgamations of school boards, as we've found, are not always a good thing. I come from a rather large school board, the Toronto Catholic District School Board, and as much as I love the board, bigger isn't always better, and I know my colleagues at the Toronto District School Board might say that as well. There already exists amongst our school boards a high degree of co-operation and harmonization of services, which I think is in the interests of Ontario's citizens and certainly should continue. The bottom line, in terms of the structure of our system, is that our system works and we should work to continue to improve it.

In terms of the budget itself, I know that a focus is obviously deficit reduction, and I know the government wishes to return to a balanced budget in the next few years, but we think that this has to be a balanced approach. Restoring Ontario's economic stability and prosperity is important, but eliminating the deficit can't be done at all costs. It requires a balanced solution. Slashing public services and laying off public sector workers often leads to greater social inequality and higher long-term costs. I think as we budget we have to respect the role that associations and unions play in democracy and maintain a high level of services and quality of services in this province.

1020

I think it's also important to recognize that Ontario is the lowest per capita spender on programs of any province in this country, and obviously that would include the

territories, which are significantly above the provinces. Public spending has a greater and direct impact on GDP growth. It is a vital part of our growth in this province.

The other thing I will say is that teachers and other educational workers have borne the brunt of the austerity agenda in the last couple of years. An example of this is the two-year wage freeze that all educational workers have been part of. Teachers and again other educational workers have taken unpaid days as a further salary reduction. Newer teachers, teachers on grid, have also for two years had their increments delayed. This has resulted in about $1.2 billion worth of savings for the province. This, at a time when board administrators, in some cases—directors, for instance—and other CEOs of different areas of government and crown corporations have received salary increases that have actually defied the legislative wage freezes.

In 2013, wage increases for those in the broader public sector were smaller than the average wage increases in the private sector. In essence, what I'm saying is, teachers and educational workers have done their part and their fair share in reducing the deficit.

In the 2015 budget I think it's important that we increase investment to education, including the areas of compensation for teachers and educational workers. I think we have to look beyond spending cuts when the budget is made and also consider the revenue side. That's extremely important.

The tax cuts that have prevailed not just in Ontario but everywhere in Canada over the last couple of decades have led to a real structural revenue problem in this province, in this country and in other provinces. Ontario actually trails other provinces in per capita revenue from taxation. Now, it can be argued a large part of that was the devastation of the manufacturing base of the province that happened in 2008, but there's no doubt that the lowering of corporate tax rates and other things that have been done in this province have hurt the province's ability to raise revenue. I think it's important that we continue to invest in vital public services and infrastructure.

In terms of program-specific recommendations, I think we have to maximize our opportunities for students to succeed. For instance, in the area of student achievement, are we spending too much on the measuring industry, such as the EQAO office, and not enough on direct classroom spending? I think we have to ask ourselves that. I think we have to look at more effective use of educational resources by allocating these dollars directly to classrooms. For instance, one of the negotiated terms of our agreement in 2008 was a 24.5 to 1 ratio in grades 4 to 8, but we know the Toronto Catholic District School Board got permission by regulation to go above that average, which is not fair to students.

We also have to look at ways to improve the full-day kindergarten program, and that includes appropriate class size. Many of you who have been in schools know that some of the full-day kindergarten classes exceed 30 students in a class. I know that kindergarten teachers and early childhood educators find this very difficult to cope with, just for the physical size of the classroom.

I think we have to provide supports for students with diverse needs and for special education and adult education.

Also, it's important that we continue to invest in child care in this province. Child care is part of the Poverty Reduction Strategy of this province. It reduces inequality, which has become an increasing problem not just in Ontario, not just in Canada, but throughout the world. We know that inequality and poverty are things that hold back the economy of not just this province but everywhere. One of the ways to combat poverty and inequality is by having good, solid child care that is available to everyone.

I'd just like to sum up by saying that it's important that high-quality, stable public services are protected and that we continue to reduce the gap between high- and low-income earners.

I'd like to thank you this morning for this opportunity. Myself and Tom would be prepared to take any questions.

The Chair (Ms. Soo Wong): Thank you very much. Ms. Fife, do you want to begin the questioning?

Ms. Catherine Fife: Thank you very much, James and Tom, for coming in. I think many people might be surprised that—it's a well-researched brief, documented, on everything from mental health to infrastructure funding. I thank you for bringing it, because it does connect. Education connects everything, really. You've made a very strong presentation, I feel.

But you also pointed out that this government spends the least per capita on public services, out of every province in Canada, and they brag about this. There's a disconnect between how they talk about public services and how they fund public services.

One example of that is, of course—I'm sure you must have been surprised to see the 2015-16 funding consultation guide come out from the government, which looks to reduce spending on education by $500 million by 2017.

If that happens—because it's being shopped around the province as we speak. Last year, your submission to the committee stated that Ontario's challenge is to maintain the gains, as you pointed out. How would a cut to public education of half a billion dollars resonate and impact quality education in the province of Ontario?

Mr. James Ryan: I think that when you look at a cut of $500 billion—

Ms. Catherine Fife: Million.

Mr. James Ryan: Sorry, $500 million. Yes, you're right.

Ms. Catherine Fife: We wish.

Mr. James Ryan: Yes, we'd have a surplus of $400 billion if we did that.

Ms. Catherine Fife: That's a First World problem.

Mr. James Ryan: Yes. If we look at a cut of $500 million, it can't help but have a significant impact in reducing the effectiveness of Ontario's educational

system. Canada ranks in the top 10 educational systems in the world.

If we reduce the quality of education in this province—when you cut by $500 million, you have to affect the student. There's no other way to do it. You're going to be cutting programs, whether they be special-ed programs, the programs that invest in our highest-needs students—it's going to affect those students.

You're going to reduce the quality of education in this province and, ultimately, that means that, down the road, you're reducing the competitiveness and the productivity of the province of Ontario, economically. We depend on our people.

Ms. Catherine Fife: The Minister of Education uses really interesting language on this. She says that we can't continue to fund empty seats. We both know that education is based on enrolment, right?

Mr. James Ryan: Yes.

Ms. Catherine Fife: Here we are: We have a minister who used to be a trustee, just as I used to be a trustee—

Mr. James Ryan: From a similar part of the province.

Ms. Catherine Fife: From a similar part of the province. Yet she knows just as well as I do that those cuts, or those seats, are in rural and northern communities. There are a lot of Catholic schools, actually, in the north. Do you want to comment on that reality?

Mr. James Ryan: Yes. We're especially worried about northern and rural areas. Most of those rural areas are in northern Ontario. If I look, for instance, at a board like Superior North Catholic District School Board, we have communities like Nakina, where we have one elementary school—the students share a common public high school. Often, the French and the English Catholic schools share a common building. But the student population is extremely low. To close buildings like that means the community may not have a school, and if you take the school out of the community, you kill the community.

1030

Another community would be White River, Ontario, where the only school is a Catholic elementary school. Everyone goes to the Catholic elementary school. It's the only school in town.

Ms. Catherine Fife: Your association has been very strong on the concept of community hubs. This government has been talking about enabling schools as community hubs, because it's a built infrastructure for that community; it should be better used. Yet to date, there isn't a proper or a clear funding mechanism to make that happen. Do you want to talk about that a little bit?

Mr. James Ryan: I think that should happen. We all agree. I think everyone around this table would agree with community hubs. Whether it's the Boy Scouts or the Girl Guides—actually, they're not Boy Scouts anymore; they're just Scouts—but whether it be those groups or the community using them for recreational purposes, or the library, we see the value of that.

I've spoken about this in the past. One of the best examples I saw of this was actually in Saskatoon, Saskatchewan, where you had a building with a huge community centre in the middle and you had Bethlehem Catholic High School on one side and you had Tommy Douglas Collegiate on the other side—

Ms. Catherine Fife: Yes, I'm a little partial to that name. I like that name—

The Chair (Ms. Soo Wong): Mr. Ryan, I'm so sorry—

Ms. Catherine Fife: One minute? Is that it?

The Chair (Ms. Soo Wong): No, there's no time. I'm so sorry. We have a very tight schedule.

Mr. Ryan and Tom, thank you for coming, and for your written submission as well.

Mr. James Ryan: Thank you.

CENTRAL 1 CREDIT UNION

The Chair (Ms. Soo Wong): The next presenter is Central 1 Credit Union. I believe we have three speakers for that group. Good morning. Welcome. Come on up and grab a seat. I'm going to do some housekeeping pieces: You have 10 minutes for your presentation and five minutes of questioning. This round of questioning will be coming from the government side. Please identify yourself as well as your position with your association for the purposes of Hansard. You may begin any time. Thank you.

Ms. Anna Hardy: Madam Chair, committee members and staff, hello. I hope you're enjoying your morning so far. It's a great pleasure to be here on behalf of the credit unions in Ontario.

My name is Anna Hardy. I'm the regional director of Central 1, the trade association that represents nearly all of the credit unions in the province. I'm very honoured to be joined by two of our members: Ralph Luimes, who is the CEO of one of our smaller members, Hald-Nor Community Credit Union, which is based in Caledonia; and Rob Paterson, who is CEO of one of our largest members, Alterna Savings, based in Ottawa with a corporate headquarters in Toronto.

Collectively, we're here representing Central 1's 86 member credit unions, their 1.3 million members across the province and especially those members who are served by credit unions in 25 communities where there are no other financial institutions.

Mr. Rob Paterson: We're here because credit unions are in a unique position to help grow the economy and create jobs in Ontario. We're strictly focused on growing local prosperity, improving the financial well-being of families, local businesses, farms and not-for-profits, as well as investing talent and resources in our local communities, where every credit union stakeholder lives, works and plays.

For the past 10 years, credit unions across the country have placed first in an independent survey of member satisfaction with financial institutions. Those happy members include owners of Niagara wineries that were financed by credit unions after banks turned them down. Now they have thriving businesses that employ many individuals.

Those members include the more than 700 successful entrepreneurs who have been aided by Alterna's micro-lending program. Alterna knows that a micro-loan can help someone who has entrepreneurial aspirations become economically and socially empowered, even if he or she has fewer traditional qualifications. In fact, a 2009 study of Carleton revealed that 66% of the individuals who started a business with a micro-loan were able to reduce or remove reliance on social assistance programs.

As credit unions, we are owned and governed by our members—by the people who have decided a co-operative business model will generate greater mutual success in everyone's interest. We are a large and growing player in the Ontario economy. At the end of September in 2014, we had outstanding loans of $30 billion: $18.5 billion in mortgages, $8.6 billion in commercial loans, and $1.4 billion in agricultural loans. They were funded by deposits of $29 billion. But we know and desire to do more.

Mr. Ralph Luimes: This is an important year for credit unions as the legislation that regulates us is being reviewed. We thank the government for hosting important province-wide consultations recently on the role we play in the provincial economy, and the parliamentary assistant for leading the process, so Ms. Albanese.

Many elements of the system are already done well; for example, the tiered regulation system. We pride ourselves on the diversity in our system, and tiered regulation supports that diversity. We can also state that the prudent-person model that we have embedded in the current act has also served our system well. Our proposals will encourage Ontario money to be reinvested back in Ontario.

Credit unions pay premiums on deposit insurance, and the cost of the premiums, much like your own car or home insurance, is tied to the amount of coverage you have. We pay for our own insurance.

Presently, the insurance premiums in Ontario are based on $100,000 worth of coverage per member, the lowest rate for credit unions in North America. Banks also have $100,000 of coverage, but that is based per account with each subsidiary, meaning that banks can double or triple up that insurance coverage. They operate extra-provincially, meaning money could move around and meaning there's no guarantee that money will stay in the province. We believe that raising the level of deposit insurance to $250,000 per member would encourage more deposits to be kept in Ontario with local institutions and level our competitive playing field.

Most importantly, we think it makes good sense for deposits from municipalities, universities, hospitals and schools, affectionately known as the MUSH sector, to be kept with the local financial institutions. We believe that there is a compelling rationale for a differential, higher rate of deposit insurance for that sector on those funds.

We also wish to applaud you for not raising the provincial tax rate on credit unions, as was done by the federal government in 2013. We strongly encourage you to maintain our present tax rate course.

Because we are capitalized differently than banks, we estimate that if the provincial tax rate was increased, it would result in a decrease of $266 million in loans to households and small businesses in Ontario. That's substantial. These loans are then reinvested back into local economies.

Credit unions really do offer Ontarians and Canadians the best of both worlds: a strong personalized connection to the local community and world-class convenience, competitiveness and stability.

We were started by the challenged communities many, many decades ago, and we feel that's a niche that is very effective. I'll just provide an illustration, much like Rob just did about what Alterna does. In the protest that occurred in 2006 in Caledonia with the First Nations situation there, Hald-Nor increased its effectiveness and participation in the community by 26% because it played, worked and focused on its local community. That's an example that illustrates the importance of credit unions in the local community.

Thank you for your time and consideration. We would be pleased to take your questions.

The Chair (Ms. Soo Wong): Thank you very much. In this round of questions, Mr. Baker will begin.

Mr. Yvan Baker: Thank you all so much for coming in and thank you for participating in the consultations that you were just referring to with regard to credit unions. I also want to thank you for the work that your members do in serving the community. I've had a chance to be a member of a couple of credit unions that serve my community, the Buduchnist Credit Union and the Ukrainian-Canadian credit union, and I have an appreciation for how their services are important to the local community but also how they give back to the local community.

1040

I'd like to ask if you could speak a little bit to how credit unions are unique, for those of us who aren't as familiar. How are credit unions unique in how they serve the community?

Mr. Ralph Luimes: I'll just talk about our context and Rob can reflect on his own context.

The most substantial distinction is that the ownership is a co-operative model. Our members aren't considered clients; they are owners of the credit union. That's number one.

Number two: The governance is local.

Number three is that the participation in the community has several dimensions. Decisions are made locally in terms of credit and other advice and assistance and support, but also the level of engagement through leadership, sponsorship and donations is left locally as well.

Mr. Rob Paterson: Yes, and adding to it, I think if you take a look at the entire banking model, it's fundamentally different than the large banks. We are not looking for the highest return. We're not looking to maximize shareholder value. We are actually trying to maximize member well-being. Because of that, our advice will be always in the best interests of our members. We'll look at ways to pay down their debt faster, we'll look at ways to

remove fees, and we'll look at ways to maximize their savings completely within their interest.

We make decisions on credit that will be character-based; character-based components will be brought in. The boards that we have and the members that we have are all recruited in the communities that we operate in. So we often have very unique insight into those communities that allows us to lend deeper into that community, where traditional Big Five banks would not be willing to lend. When events happen in manufacturing or in other industries, we're able to actually know the stakeholders in those groups on a more personal basis, and thus we can stay with them through thick and thin. We talk about keeping people, our members, in their homes. We're not interested in taking the homes back. We're interested in helping them get to a payment schedule.

So when you look at it, it is our owners' interests that we're fully focused on. Those are the members who walk through our branches every day. It is truly a community-based model, and we predominantly—100% employment is within the community that we operate within, so it is Ontario-based individuals that we're employing.

Mr. Yvan Baker: You talked about raising deposit insurance levels. Could you talk about what the benefit of that would be to Ontario's economy?

Mr. Rob Paterson: Sure. I think the biggest thing is the confidence, obviously, within the credit union. One of the things that we want to do is grow our deposit base so that we can actually lend more deeply into the community, so the ability for us to grow our deposit base allows us to increase lending and have higher retained earnings through that going forward. That is a big concern we have. We don't have the ability to go to the market to raise other capital the way traditional FIs do, so depositors are traditionally where we are getting it.

As you know, with the market volatility that we're experiencing in the Canadian economy and around the world, a lot of individuals are looking to hold larger deposits than traditionally within institutions. The Big Five have the ability to leverage their mortgage corporation and their other investment corporations to be able to get upwards of between three to six times the multiple of the $100,000 under CDIC. Credit unions don't have that. We're very traditional organizations focused really on basic deposits and basic lending.

So what we're trying to do is basically say, "Look, make it competitive." As the credit unions, we ourselves pay the costs of the higher insurance. Ontarians do not have to pay anything, so it is a cost borne by us. We're really looking to be able to tell our members with confidence that they are going to have their deposit safely with the organization, the same thing the Big Five are doing. When you look at the stability of the Ontario credit union system, you'll see that we've never really dipped into the deposit insurance. It's been safe, like the federal program. We just want to be able to have our members sleeping well at night, knowing they have that security. We're looking for that very simple adjustment to be able to provide a higher level of deposit insurance and give them that peace of mind and allow us to be able to grow and lend more in the community.

Mr. Yvan Baker: Thank you very much.

The Chair (Ms. Soo Wong): Okay. Thank you very much. Thank you for your presentation, ladies and gentlemen.

CANADIAN TAXPAYERS FEDERATION

The Chair (Ms. Soo Wong): Our next presenter is the Canadian Taxpayers Federation, and I believe Candice Malcolm, the director from Ontario, is here. Welcome. Good morning.

Ms. Candice Malcolm: Great. Thank you.

The Chair (Ms. Soo Wong): Ms. Malcolm, you have 10 minutes for your presentation, followed by five minutes of questions. This round of questions is from the official opposition party. Before you begin, please identify yourself and your position with your federation for the purposes of Hansard. Thank you.

Ms. Candice Malcolm: Great. Okay, sure. My name is Candice Malcolm, and I'm the Ontario director of the Canadian Taxpayers Federation. Good morning. Thank you to the committee, the Chair and the Clerk for inviting me here today.

As I said, my name is Candice Malcolm, and I'm with the Canadian Taxpayers Federation. In addition to my day job, where I'm the voice of over 84,000 CTF supporters, I'm also the author of a book, Generation Screwed, an Amazon bestseller, in the category of economics, that provides a mathematical account of how future generations of Canadians, particularly young people in Ontario, stand to have a lower standard of living thanks to government policies; namely, the structural fault lines in our government institutions and the unaffordable promises made to retiring baby boomers. I encourage you all to read it.

My presentation to the committee this morning will consist of three parts. I will begin with some facts and comments about the current fiscal and economic outlook of the province. I will then tell a story of a government that found itself in a similar budgetary situation in recent Canadian history and discuss how that government managed to change its fiscal fate. Finally, I will conclude by providing my budget recommendations to the committee.

My message this morning, as it has been in past years, is very simple: Ontario's fiscal outlook is grim. It is unpleasant in the short term, it's distressing in the medium term, and it is flat-out objectionable in the long term. No matter which way you look at it, we're in trouble. Without serious reforms to the structure of our government, Ontario will continue on a slow march towards defaulting on our provincial debt.

It is up to you, the elected representatives of Ontario, to govern our province during this tumultuous time. The opportunity is bittersweet. As you're all well aware, after nearly a decade of deficit spending, Ontario's failed stimulus has not generated the growth in the economy

that we were promised. Rather, these Keynesian policies have saddled the province with record debt, debt that threatens the province's very core government services. The government's net debt currently hovers at $277.6 billion. Our total outstanding debt is just shy of $300 billion. That boils down to over $22,000 for every man, woman and child in Ontario.

The provincial government hasn't had a balanced budget in eight years. It hasn't made payments towards the principal of its debt since 2001. Ontario has the seventh-largest non-sovereign debt load in the world, in the company of Greece and other nations in the midst of an ongoing Euro-debt crisis that threatens the peace, stability and economic well-being of an entire continent, if not the entire world.

We are in a dubious class of borrowers. Ontario borrows more than any other sub-level government in the world, and we're still heading in the wrong direction. In 2013, spending grew at twice the rate of GDP growth. No wonder Ontario's deficit in 2014 was 25% higher than the government projected, making us even more reliant on borrowing. Now our debt is projected to soar by 7.7% this year. It's getting harder and harder to believe the government's commitment to balancing its books by 2017, a claim that has yet to be substantiated in any meaningful way.

Interest on the debt is the third-largest and fastest-growing expense in the budget. In 2014, taxpayers forked over $11 billion in interest. Our province's bad spending habits have consequences, and those consequences are piling up on the horizon.

In the short term, Ontario faces the threat of a credit downgrade, just like we did after the 2012 budget. With a lower credit score, our existing debt becomes more expensive and our ability to borrow is diminished, meaning that we'll spend even more servicing our debt and have less left over to pay for core services in the province.

In the medium term, Ontario will have to face the reality of eventual rising interest rates, something that is entirely outside the control of this government. Provincial interest payments currently consume nearly 10% of all provincial spending, and this at a time when interest rates remain at historic lows. But the era of artificially low interest rates will not last much longer. Canada's top tax expert, Professor Jack Mintz, estimates that for every percentage point that interest rates rise, Ontario will see an additional $3 billion a year going towards paying for interest on the debt. Where would that $3 billion come from? Cutting programs, meaning less money for health care and education? Perhaps more borrowing, which would lead to further credit downgrades and even more interest and debt payments for future taxpayers. Or would it come from tax hikes, which would do nothing to control spending or prevent the growth of future debt but merely mean Ontario families will have to get by with less?

1050

These are scenarios under a 1% increase, but what would happen if interest rates were to rise by 5% or 10%? This is the ticking time bomb in Ontario's finances and should be ever-present in the minds of all members of provincial Parliament, particularly those who sit on this finance committee.

Finally, the long-term consequence of borrowing is that someday someone will have to repay this debt. Today's debt is tomorrow's taxes. The more you borrow and shirk responsibility now, the more you are burdening the next generations with higher taxes. It is fundamentally unfair to make your children and grandchildren and my children and grandchildren pay for today's politicians who never learned to say no.

Ontario is facing financial uncertainty, and, with an unhealthy reliance on debt and borrowing, continues to flirt with a debt crisis. There is no way to sugar-coat the situation. We all know it's bad. It's not, however, unprecedented. In fact, not too long ago, Canadians found ourselves in an eerily similar situation. In November 1993, Jean Chrétien's Liberals were elected to a federal majority government and quickly learned the dreadful state of the federal government's books. Nothing exemplifies this better than an infamous 1994 bond auction selling Canadian debt to international buyers.

The auction only had 30 minutes remaining and we had yet to receive a single bid. Nobody wanted our debt. Governments take debt for granted and they assume that they will always be able to borrow, but this isn't the case. As we've seen with Greece and Argentina, two formerly rich countries, nothing is guaranteed. In that 1994 debt auction, we saw how close Canada came to being added to that list of formerly rich countries. We were half an hour away from not being extended another line of credit to make our mortgage payment. We were 30 minutes away from our own default. Luckily, a buyer eventually stepped up, but the scare served as a wake-up call that was desperately needed. It caused a ripple effect and resulted in important reforms that made our country more stable and much better off in the long run.

Both Standard and Poor's and Moody's had downgraded our federal credit rating, and the Wall Street Journal famously called Canada an honorary member of the Third World in an article it called "Bankrupt Canada." Our dirty laundry was being aired for the world to see.

Chrétien and his finance minister, Paul Martin, realized that no band-aid solution would fix the problem; they needed to address the root causes. So the Chrétien government did the right thing. Thanks in part to pressure from a strong opposition party, they began a comprehensive review of every department and addressed the problem head-on, leading to the largest reduction in spending since the demobilization after World War II. Between 1994 and 1998, federal program spending fell by 12%, making it possible to balance the federal budget by 1997. The government then ran surplus budgets for over a decade and was able to pay $100 billion back on the federal debt. As such, the debt-to-GDP ratio fell during that era by 9.4%.

In essence, the Chrétien government fixed the problem by addressing spending. Between 1992 and 1997, the

government kept its annual growth in spending to 0.8%, which was well below GDP growth during those years. They reined in spending in every single government department, with cuts ranging from 5% to 65%. There were no sacred cows. Every department faced a program spending review, much like the reviews recommended to Ontario by economist Don Drummond three years ago.

Chrétien and Martin did not use new revenues to reform our finances. Tax hikes were trivial. The few that were introduced increased revenue as a share of GDP from 44.2% to 44.5%. It was not tax hikes that got us out of hot water; it was spending cuts. In fact, the ratio of spending cuts to tax hikes during this era was 7 to 1: $7 in cuts for every $1 in new revenue.

The Chrétien government left Canada in a much better fiscal situation than the one they were handed. The reasons they embarked on this crucial campaign were circumstantial, based on math and not ideology.

Similarly, the problems Ontario faces—

The Chair (Ms. Soo Wong): Ms. Malcolm, can you please wrap up?

Ms. Candice Malcolm: Oh, sure.

Similarly, the problems Ontario faces are based on math and not ideology.

In the spirit of the story, the Canadian Taxpayers Federation recommends to this committee that the government follow the path of Jean Chrétien and Paul Martin and do the difficult and perhaps unpopular task of doing the right thing. As with the federal Liberals in the 1990s, the CTF recommends that the government balance its budget through reining in spending. This means a considered look at each department, the implementation of zero-based budget and reining in spending in every area and department.

We recommend that you balance the budget through spending cuts—

The Chair (Ms. Soo Wong): I'm going to cut you off, because that will give the official opposition party time to ask you some questions about your recommendations.

Ms. Candice Malcolm: Sure.

The Chair (Ms. Soo Wong): Mr. Fedeli, can you please begin the questioning?

Mr. Victor Fedeli: Thank you very much, Candice, for an insightful presentation, as always.

Candice, we've all heard from Jack Mintz. We've heard from Niels Veldhuis. This committee, last week in Ottawa, heard loudly and clearly from Ian Lee. We've heard from the Conference Board of Canada. We've heard from the Bank of Canada about not reaching our numbers. We've heard from the Ontario Chamber of Commerce. The Auditor General, in December, told us that if we don't drastically change the path that we're on, there will be a change in the service levels. And we've heard from you, loudly and clearly. Why do the people of Ontario not fully appreciate the brink that we're at?

Ms. Candice Malcolm: Thank you, Vic, for your question. I was going to get on with the rest of my presentation. I think that part of the reason it's so important that the government address its spending problems and its debt problems—part of the reason the Wynne government was elected was based on a promise to the people not to reduce services and not to increase taxes, and particularly not to increase taxes on the middle class.

I think that people don't have insight into the extent of the problems we face because they're being promised all things by their government. I think it's particularly important that Premier Wynne and this finance committee hold on to that promise not to impose tax increases. As I outlined, tax increases won't solve the problem of structural and operational deficits. I think that we have to do the internal review, going through each department and finding efficiencies and things to cut on that side, so that we don't have a long-term problem where we don't have a choice. We have to allocate more money towards paying interest on the debt and servicing the debt and having less money.

The sooner that we address the problem, the sooner that we rectify the structural imbalance. I think that the long-term stability will pay dividends, and it's important to the people of Ontario.

Mr. Victor Fedeli: In the public accounts that came out in the fall, we saw that spending was actually up last year by $4 billion in this province. We know, through the budget, going forward, that spending is forecast to be up $5.7 billion this year. That's $10 billion in brand new spending. That seems to counter exactly what the prevailing philosophy is: that in order to balance a budget, you stop the new spending. What would your comments be on that?

Ms. Candice Malcolm: Right. I think it's tremendously important to reduce spending below GDP growth. When you have government spending growing faster than the economy, faster than GDP, it's easy to see how we would need to rely on borrowing.

Premier Kathleen Wynne has also committed that she will tie the growth in spending to 1% below GDP growth, but she says she's going to do so after the budget is balanced in 2017. That doesn't make any sense. How can you get to a balanced budget until you cap spending?

One of CTF's recommendations to the committee, to the government, is also that spending permanently be capped to 1% below growth in GDP, growth in the economy—permanently, not just until the balanced budget, but afterwards, so that you could create a surplus and have extra funds to allocate towards debt repayment, towards chipping off that $300-billion debt.

Mr. Victor Fedeli: Even though our revenue was up this past year, just by growth in the economy, by the 150,000 new people who moved into Ontario, and even though we receive $3 billion in equalization payments from the federal government because we became a have-not province—even with those two sets of numbers, and even though we had $600 million more from the federal government this year than we did last year, we still seem to not be able to balance the budget. Do you have any final thoughts or any final warnings for us?

1100

Ms. Candice Malcolm: Right. A one-time handout, receiving a one-time payment, increasing taxes—it's not

going to do anything to address the structural fault lines in spending, as in the example I gave with the Chrétien-Martin government. In the 1990s, they addressed the problem by looking inside their own government, by cutting their spending. Tax increases or increased equalization aren't going to fix the structural problems here in Ontario.

Mr. Victor Fedeli: Will you leave us a copy of your paper? Does it also include the warning about the pension tax and the carbon tax?

Ms. Candice Malcolm: Yes. Part of my recommendation to this committee is not to implement new taxes, according to Premier Wynne's election promise not to impose tax on the middle class. That would include income taxes, HST increases, carbon taxes, payroll taxes, any new taxes—fat or sugar tax or any other tax on the horizon that might make it more difficult for the daily lives of everyday Ontarians, to make ends meet. Meanwhile, their government is going above and beyond—

The Chair (Ms. Soo Wong): Okay, Ms. Malcolm. Thank you for your presentation. We look forward to receiving your written submission. It needs to be in by tomorrow, 5 p.m. Thank you.

CUPE ONTARIO

The Chair (Ms. Soo Wong): The next presenter is CUPE Ontario: Mr. Fred Hahn. Mr. Hahn, welcome. I believe you have some of your colleagues here. As you know, you will be given 10 minutes for your presentation and five minutes for questions. This round of questions will be from Ms. Fife. So, gentlemen, can you please identify yourselves and your position with CUPE Ontario? Thank you.

Mr. Fred Hahn: Certainly. Thank you. Good morning, everyone. My name is Fred Hahn and I'm the president of CUPE Ontario. I'm joined this morning by Venai Raniga, who is our researcher and who assisted in writing our brief, which is just getting handed out to you now.

CUPE is the largest union in our province. We represent more than 240,000 people in Ontario who live and work in every community across our whole province. Our members look after Ontarians in hospitals, at home and in long-term care. We provide support and educate the next generation, from the first day of child care through primary and secondary school all the way through university. We keep our lights on, our water and our neighbourhoods clean and safe. We provide emergency medical services when needed, and we make the lives of developmentally challenged adults better and protect children at risk.

CUPE members are working hard every day to make Ontario a better place to live. That work is getting harder and harder each year because of choices made by the government.

Ontarians rightly feel that there is a basic contract with government, that if you work hard you and your family can have a decent life and government will be there in tough times, will help to build public services that we all need to succeed, and that they'll work with us, leaving no one behind. But the truth is that more and more of us are being left behind, not just as individuals but as Ontarians as a whole, and it's because of choices that we've made in budgets like the one that we're here to discuss today.

For five years now, we've come and asked the government to make the choice to roll back corporate tax cuts to 2010 levels, to make the choice to ensure that government has revenue needed to invest in Ontario and to fund public services instead of providing tax cuts to profitable corporations. Over the course of 2010-11 to 2014-15, had corporate tax rates remained at the 2010 levels, government coffers would have had an additional $8 billion at their disposal. Those are lost revenues and have resulted in missed opportunities to invest and build in a stronger province. Instead we've seen austerity budget after austerity budget, with funding for many ministries cut, and seen others have meagre increases that have failed to keep up with inflation and population increases. We've seen our government actually bragging about having the lowest per capita spending and the lowest total government revenue per capita. Being at the bottom of the list of provinces investing in public services shouldn't be a source of pride.

A tide of sobering third party analysis should have encouraged our government to change its course. The magic of austerity driving business confidence and investments has been debunked through numerous sources, including the International Monetary Fund, but the original misguided call for austerity was heeded by our government and has had a tremendous fallout.

For those lucky enough to have a job, wage growth over the past six years has been negative under the Liberal government. Over the course of six years, from 2006 to 2012, the real median income of Ontarians has gone down by 1.7%. Imagine median incomes being lower—in many cases much lower than the average—while prices for everything else continue to rise. A chart on page 3 of our submission illustrates this horrifying truth.

Income inequality is now one of our generation's greatest challenges. As demonstrated by Thomas Piketty, inequality has now reached heights not seen since the age of the robber barons and will be the reason future generations of Ontarians face the real prospect of doing worse than past generations.

While many global institutions, banks and NGOs have now joined the chorus about the wrong-headedness of austerity and share concerns about growing income inequality, the main thrust of this government's financial decisions has continued down the wrong path. As an example, CUPE Ontario has asked the government for years to turn away from public-private partnerships and other forms of costly privatization that do, in fact, cost us more and deliver less. As we know, Ontario's Auditor General calculated that because of privatization and P3 investments, our province overpaid nearly $8 billion to private contractors for projects that have historically been

delivered safely, effectively and efficiently through public financing. Corporate tax cuts and mistakes with P3s—just those things alone—have cost Ontarians $16 billion. Had the government chosen a different path, $16 billion could have been used to deliver on desperately needed public services. We could have avoided hospital bed closures, staff cuts and downsizing that are occurring across the province. We could have addressed the needs of tens of thousands of Ontarians on wait-lists for long-term care, home care and developmental service residential programs. We could have prevented the government's plan to permanently cut $500 million from Ontario school board budgets and force school closures across Ontario. We could have addressed skyrocketing tuition fees in post-secondary education. We could have invested in real regulated public child care and prevented children's aid societies from closing their doors on Ontario's most vulnerable families.

There are other choices that need to be made, and many of them are in front us now—in front of you, as the government, for this budget.

First, we'd like to highlight that Ontario's government has picked an arbitrary deadline to balance the budget of 2017-18. As previous Ontario finance minister Greg Sorbara stated, the number one item on our agenda should be the economy, including productivity growth, job creation, new business development and higher real wages. Even the most optimistic of economists don't believe anymore that it is within the government's grasp to meet the 2017-18 deadline without imposing drastic spending cuts. The government should consider delaying its balanced budget timeline at least a couple of years, and then evaluate the next steps based on real economic indicators. The goal of balancing the budget is a good one, but it should not further hurt Ontario families.

Secondly, the government needs to finally make the choice to raise revenue that Ontario badly needs to make critical investments towards a progressive and prosperous future. This means that we all pay our fair share, including corporations, whose taxes should be raised back to the level of 14%, as they were in 2010, given they are paying the lowest corporate taxes since the 1930s. Additional tax fairness measures, like suspending the phase-in of HST input tax credits provided to large businesses, closing other loopholes etc., are further detailed in our brief.

Thirdly, the use of costly and illogical privatization in P3s must stop. This includes the privatization laid out in Ed Clark's report through schemes such as asset recycling, which is really just a novel way of repackaging the discredited and costly ideas of privatization.

In moving forward on positive choices, like the Ontario Retirement Pension Plan, the government needs to decide to build this plan right from the start. That means making it universal, like all of Canada's successful social programs.

CUPE Ontario also believes that any attempt to control climate change through pricing carbon has to be coupled in a multi-pronged approach which includes good policy, strong regulation, and public investments to create systemic change. It must ensure that carbon pricing is fully funded for the public sector, not from existing envelopes where funding increases are already needed, and it cannot target low- and middle-income earners, who are already struggling with falling real incomes. This government has to learn from the BC carbon tax model, where this model seemingly had an impact on the environment but actually reduced provincial revenues, hurting many British Columbians. Ontario has to be sure that carbon pricing is structured so that it is revenue-positive and that revenue collected is used to benefit all Ontarians. Our brief contains many details on the failures of the BC model.

Finally, the government must invest in services. Too many government funding envelopes have plateaued or, worse, have not kept up with inflation and population growth and are seeing cuts. These minimum spending levels are things that must be met for our communities to succeed.

This is to say nothing of the lack of funding to actual increases for Ontarians where there is ever-increasing demand in our communities. There's an appendix to our brief which lists a full list of some of the changes needed. This government must choose to put at the centre of its budget the well-being of the people of Ontario. If it does that, then the direction of the budget must change. We ask the government to make that choice and to honour the commitment that's made to the people of Ontario. Thanks.

1110

The Chair (Ms. Soo Wong): Thank you very much, Mr. Hahn. Ms. Fife, do you want to begin the questioning?

Ms. Catherine Fife: Thank you very much, both of you, for attending and for the brief. It's incredibly well-researched and a good resource for us. I think it's the balance between the Canadian Taxpayers Federation and CUPE coming in here. The messaging is so completely different. And yet the economic case for reducing or ending austerity is very sound and has been proven in other jurisdictions.

But I really want to take this opportunity to expand on the aggressive privatization in the province of Ontario, because even when the Auditor General, an independent officer of this Legislature, highlights the waste, and borrowing money at a 28% premium when we can least afford it—this government does not listen. We've heard, across this province—this committee has been to the north, east, south, west, wherever. All of the themes that you've highlighted in your report we heard about first-hand, especially on health care and mental health.

Can you expand on what your members are hearing? Because the counter-spin that we get is that privatization works, when we know from the numbers—when you follow the money, you follow the real priorities. The money is not getting to the people of this province. I want to hear first-hand from you.

Mr. Fred Hahn: There are many first-hand experiences. I was tempted to start my presentation, after

hearing the previous one, with, "And now for something completely different."

The lived experience is quite real. In North Bay, for example, a new public hospital, much needed in that community, was built as a P3, a public-private partnership model. Since its opening, it has continued to lay off staff, including an additional 75 layoffs that were just announced—real jobs that impact the economy of that community, but also real services in this building that has had huge cost overruns.

Look, I am happy that the taxes I pay are going to pay for decisions that my parents and my grandparents made and their governments made to invest in infrastructure and programs that actually help all of us. That is the deal we make with each other as citizens intergenerationally. What we're doing now is actually financing things so that it doesn't appear like there's debt on the books, but we're actually misusing public money that could be going to strengthening services instead to pay for additional fees and cost overruns.

When there's $8 billion identified by the Auditor General, it's a significant number and it should ring an alarm bell. It's not just in this jurisdiction. There are similar Auditors General reports in Quebec and in British Columbia. This model is a failed model. It's why, instead of P3s, we now hear about alternative financing. When that becomes criticized, we now hear about asset recycling. These are all the same bad, nonsensical—illogical in terms of economics—methods of financing that we all need in common, and they all need to be thrown out. We need to go back to the sensible way of public financing for the infrastructure that we all require.

Ms. Catherine Fife: We agree with you, and it comes down to priorities—I think that also came through in your brief—and choices, because the banks are doing fine, right? Especially when they're financing these public-private partnerships.

I'm glad you also touched on the activist government that was sold to us in this last election. Even the five ministries that were protected, like education: The government is shopping around a $500-million-cuts document. Can you talk about the effect of that? I mean, $500 million is a lot of money in education.

Mr. Fred Hahn: Certainly throughout all of the different ways in which our members work in their communities—I was just at Queen's yesterday. In post-secondary education, they have experienced layoffs in every one of those bargaining units. We are seeing the threat of loss of services and layoffs in our schools. And of course, when we're talking about school closures, we're talking about fewer supports in communities.

It's actually quite short-sighted. There are demographic studies that demonstrate that in 10, 15, 20 years, we're actually going to be well over capacity in schools in places like Toronto, that we're actually going to require these spaces to be available to us. There are many innovative things that could be done to deal with these challenges. But instead, again, what we're seeing is a lack of support and increasing waiting lists.

Given the current structure of the budget, there seems to be little choice. That's why we're saying—

The Chair (Ms. Soo Wong): Mr. Hahn, thank you very much for your presentation and your written submission on behalf of your members.

ONTARIO CHAMBER OF COMMERCE

The Chair (Ms. Soo Wong): The next group coming before the committee is the Ontario Chamber of Commerce. I believe we have a delegation from the chamber of commerce. Welcome. Good morning.

Mr. Josh Hjartarson: Good morning.

The Chair (Ms. Soo Wong): As you heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be coming from the government side. Can you please identify yourself and your position and all your colleagues for the purposes of Hansard. You may begin any time.

Mr. Josh Hjartarson: Sure. Thank you. My name is Josh Hjartarson. I'm the vice-president of policy and government relations at the Ontario Chamber of Commerce. We represent 60,000 businesses in this province, roughly 17% of GDP, and about two million employed.

It is a credit to our democracy that you are here today to listen to us to hear our views, which are quite different from the views that you've just heard, not surprisingly. Somewhere in the middle lies the truth. And thank you all for taking the time to hear from us.

I have two colleagues today who are really the brains behind the operations. It is an honour to do this, so I thought I would share the honour with my esteemed colleagues. They're going to speak to you today about six priorities for the chamber and its 60,000 members, who represent the bulk of employers in this province.

With me are Scott Boutilier and Andrea Holmes.

Mr. Scott Boutilier: If you turn to page 3 in our pre-budget submission document, you'll see our first priority for the government, which is to eliminate its deficit and reduce the debt. We constantly hear from our members and from the broader business community that one of the best things that the government can do to improve Ontario's business climate is to get its own fiscal house in order. To that end, in October the chamber released a report on Ontario's deficit situation, which you'll find in the package as well, that highlights Ontario's fiscal situation as we understand it and some of the negative impacts that we think arise from it, things like a high debt load deterring private investment but also preventing government from investing in those critical, productivity-enhancing investments like education and infrastructure.

In that report and in our pre-budget submission we suggest a range of solutions that we believe that the government can adopt to help it achieve that fiscal sustainability over the long term. Chief among those is establishing baseline information so that the government understands exactly what it's spending on and how its programs and services are performing. With that information, it will be much better armed to identify opportunities to achieve better value for money.

One way that the chamber has really championed over the past few years to do this is through alternative service delivery, or new service delivery models, where with a third party, through leveraging their expertise and know-how, we can achieve real gains in outcomes for the same or lower cost.

On page 4, we have our second priority which we've identified, which is to mitigate the business impacts of the new Ontario Retirement Pension Plan. To this point, we're not really convinced that the ORPP is the best solution for the so-called retirement income challenge or the under-saving problem. Mainly, the chamber and our members have been worried about the potential negative impacts of the ORPP on the business climate. Chief among those concerns is the added cost of business that the ORPP presents, on top of a number of other cost drivers that businesses in the province have been experiencing over the past few years, things like higher electricity prices and a higher minimum wage. All those things add to the cost of doing business and actually potentially negatively impact business competitiveness relative to other provinces and neighbouring states.

The government, to our thinking, has yet to show any real evidence to the contrary, and until it really does so, we're convinced that the ORPP shouldn't go ahead. We really want to see the government come out with an economic impact analysis of how the ORPP will impact Ontario's economy.

Ms. Andrea Holmes: I will go through the rest of the key priorities. Number 3 on page 5 is ensuring that Ontario's electricity rates are competitive. Scott already spoke to the cumulative regulatory burden, and the prices of electricity are an added addition to things that have decreased our competitiveness in our business climate.

1120

Since the long-term energy plan was released in 2013, industrial electricity rates have risen by 16%, so that's only two years. In the next five years, residential and small business rates will actually rise by 25%. We're at a great disadvantage when it comes to both our American and our other provincial counterparts in this respect, and this is impacting the ability of sectors such as manufacturing and farming and forestry to compete on a level playing field. In fact, a lot of our members are citing it as one of their biggest issues, especially the chambers, and their members are actually being poached or are getting sent letters from workforce development boards in the south who want them to leave Ontario and do business there because it's cheaper.

The province is inhibited by a lot of the decisions that they've made over the last years. Energy market policy is very political. However, steps can be taken. There are things like improving the usage of the smart grid infrastructure we already have to improve forecasting capabilities so we don't over-contract and to decrease maintenance downtime. There's also the removal of the 33% transfer tax on local distribution companies. By removing that tax, you could allow more privatization while also retaining these LDCs in the hands of municipalities, like they are now.

We've actually been consulting over the last six months with businesses and stakeholders around the province, and in two months from now we're going to be doing a ranking of high-, medium- and low-potential proposals for reducing electricity prices. Hopefully, we can get that to you, if you're interested in that, as well.

The next page is number 6. That is leveraging the power of alternative financing and procurement, or AFP. Government uses AFP to leverage the private sector to design, build and maintain major infrastructure projects. While the Auditor General has criticized the use of AFP models, in actuality, 97% of Ontario's AFP projects in the past 10 years have been completed on or under budget, and government has a far-from-perfect record on their own large and complex projects. Instead, what the OCC believes is that government should make full use of AFP as it undertakes the next $130 billion in infrastructure spending over the next 10 years.

I will just finalize with the last two priorities, 5 and 6, so we're on page number 7.

The first is to address rising municipal costs. The last couple of years, municipal budgets have been ballooning. That's due to two main things: faulty labour legislation and processes.

First, we have a broken interest arbitration system that has led to significant pressure on municipalities to raise taxes and to reduce services to compensate. As well, we also have a loophole in the Labour Relations Act that basically restricts municipal tendering and construction contracts and has actually led to higher costs of up to 30% more for municipalities across the province. There is an upcoming review of the Labour Relations Act, and we think this is a great opportunity and a chance for those two problems to be fixed.

As well, number 6 is to basically create the frameworks necessary to accommodate disruptive innovation. As you probably have heard, over the last couple of years there has been a rapid growth of businesses in the sharing economy. These are things such as Uber, the taxi service, or Airbnb, the accommodation service. They are growing and they are creating more employment. In fact, Uber actually employs 10,000 people. So Ontario really needs to create basically the regulatory framework and the climate for those businesses to flourish and innovate, and by doing so, they will be able to capture the economic growth in the coming years that these businesses will bring. In order to do that, they need to create the frameworks, as we've said, necessary to accommodate this innovation while also making sure that they contribute to our economy.

That is the last part of our presentation, and if you have any questions, we would like to hear them.

The Chair (Ms. Soo Wong): I believe Mr. Baker will begin this round of questioning.

Mr. Yvan Baker: Thank you all very much for coming in, and thank you for your evidence-based presentation as well. I also wanted to thank you for thinking about how we can strengthen our economy for the betterment of all Ontarians. I think you're an important voice on that issue.

Could you talk a little bit about some of the government programs that you think are working well, from your perspective?

Mr. Josh Hjartarson: The WSIB is an example where things weren't very good a few years ago and where government has made a concerted effort to make the system more responsive to employers and also to users. The unfunded liability is being addressed and is being reduced. At the same time, premiums, which are still relatively high compared to other provinces and are a source of competitive disadvantage, have been flat. I think that is a positive outcome and I think the government deserves some credit for taking on that huge problem and beginning to address it.

Those are the types of things that I think are important.

On the debt and deficit: Health spending is below GDP. That is positive. That is your biggest expenditure in the budget, and the fact that health spending is now below GDP growth is positive. With the appointment of Minister Deb Matthews, there seems to be a concerted effort to tackle some inefficiencies, and I think that's a positive movement as well.

We're concerned about the aggregate ability to meet the deficit timelines and to ensure that programs remain sustainable and, frankly, there for our children. That's the real concern around the deficit and debt trajectory. We believe in government programs. We believe that they should be there, and to sustain them in perpetuity means that you need to get your debt and deficit under control.

Mr. Yvan Baker: Thanks very much. You've raised a number of issues in your presentation. Are there issues that you haven't raised? Are there things that you'd like to see in the upcoming budget that you haven't spoken to?

Mr. Josh Hjartarson: I think that we're definitely looking for a renewed focus on what is really the plan to meet your deficit targets, outlining in clear, delineated terms what the decisions are going to be. Many of those decisions are going to be tough decisions, I grant you.

You might think that Fred Hahn and I are very, very far apart in our overall objectives. Actually, it's quite the opposite. We both believe in the preservation of government's capacity to meet the needs of citizens. We have different perspectives on how government can do that.

I think that what we need is a clearly articulated plan about how we're going to meet that deficit and debt challenge, so that our children can enjoy the same level of service and the same level of quality that we enjoy today. I'm currently quite concerned, and I think it's one of the biggest challenges we have vis-à-vis the business climate.

The Chair (Ms. Soo Wong): Mr. Baker, I believe that Ms. Vernile has a question for the last two minutes. Ms. Vernile?

Ms. Daiene Vernile: Andrea, I want to ask you about the services you mentioned: Uber and Airbnb. There are some communities in Ontario, Canada and North America that are currently having a debate on what to do with these emerging businesses. It's felt that they usurp established businesses. How did your association come to the decision that it's worthwhile supporting them?

Ms. Andrea Holmes: We've actually been working alongside Airbnb and Uber. We had them at our event last night launching Emerging Stronger, our economic agenda. From the get-go, they've been saying that they want to work alongside those other businesses. They're not here to usurp or take over those people. It's not a monopoly. They are here to work alongside, and they want to have an amicable relationship. I think a lot of it is a negative perspective from the actual regulatory framework.

Mr. Josh Hjartarson: I would agree with that. I think the reality is that the genie is out of the bottle. We have an interest in making sure that there's a level playing field. We have an interest in making sure that the rules are easy to comply with, so that an Uber driver will pay tax. That is the objective here, because this is going to happen, right? Those jurisdictions that have tried to put this genie back in the bottle have failed. So let's be a first mover. Let's really figure out what is best international practice in terms of how we create the capacity to innovate and, at the same time, create a level playing field so that people can apply, pay taxes and contribute to the social net benefit.

Frankly, yes, I imagine a lot of industries are scared. But what we hear back is that it's actually not a fixed pie. It's not a zero-sum game. With Airbnb, occupancy rates are at an all-time high. It's a new source of clientele that can come to Toronto and enjoy the benefits—because they're not going to stay in the $300-a-night downtown hotel. This is an opportunity, and that's the way we need to frame it. We need to frame it as a challenge, but at the same time as an opportunity to create tourism dollars and to generate income for people who have spare capacity, who have bedrooms to rent. This could be a good-news story for Ontario.

Ms. Daiene Vernile: In my community of Kitchener Centre, we're having this debate right now about Uber. The established taxi companies are saying, "Provided they follow the rules and regulations that we do, we welcome them." You're hearing much the same thing?

Mr. Josh Hjartarson: I think we're hearing the same thing. I think that what you want to do is to make sure that, again, these innovations which are going to happen anyway happen in a way that's a net benefit to society. So we create the opportunities, make it easier for people to pay tax and make it easy for people to comply. The old regulatory frameworks can't accommodate that.

The Chair (Ms. Soo Wong): Okay. Thank you very much for your presentation, as well as the written submission.

Mr. Josh Hjartarson: Thank you.

1130

FIRSTONTARIO CREDIT UNION

The Chair (Ms. Soo Wong): The next group coming before us, I believe, is the FirstOntario Credit Union. I believe there are some handouts being circulated, folks.

We're seeing Mr. Paterson again. Okay. For the purposes of Hansard, we need to identify people. So can you please identify yourselves? Are you Kelly McGiffin?

Mr. Kelly Harris: I'm Kelly Harris. Mr. McGiffin sends his regrets. Due to inclement weather, he was unable to make it in this morning.

The Chair (Ms. Soo Wong): Okay. Can you please identify yourselves and your positions with FirstOntario Credit Union?

Mr. Kelly Harris: Kelly Harris, and I'm working with FirstOntario.

The Chair (Ms. Soo Wong): And Mr. Paterson?

Mr. Rob Paterson: Rob Paterson, chief executive officer, Alterna Savings.

The Chair (Ms. Soo Wong): You may begin any time, gentlemen.

Mr. Kelly Harris: Thank you, Ms. Chair, and thank you to the committee members for inviting credit unions and FirstOntario to be here today.

My name is Kelly Harris and I'm appearing on behalf of Kelly McGiffin, president and CEO of FirstOntario Credit Union, who is unable to make it due to inclement weather.

Ontario is Canada's financial services hub. Finance to our province is what oil is to Alberta or hydroelectric is to Quebec. In short, the financial services sector powers Ontario's economy. It is the economy and, more importantly, jobs in the economy that will frame our remarks today.

FirstOntario has 29 branches in the Niagara, Brant and Hamilton regions, holding $2.5 billion in assets under administration and owned by 100,000 members. It is one of Ontario's 11 largest credit unions, which represent roughly 70% of credit union assets in the province that make up the Alliance of Large Ontario Credit Unions, of which FirstOntario is the chair.

ALOCU was created in 2013 from a challenge to credit unions by the Deposit Insurance Corp. of Ontario to lead system growth. Growth in credit unions equates directly to growth in Ontario's economy. Our goal is to double the deposits of the 11 credit unions that form ALOCU, including FirstOntario, by 2020. "Double" means increasing membership from 10% to the national average of 20% and increasing deposits from 4% to 8%. We have already taken several steps to do this: A five-year multi-million-dollar awareness campaign; co-operative banking to promote credit unions; leadership in the ongoing act review to strengthen and modernize credit union legislation; and working to establish a partnership with the government of Ontario to best utilize its financial services network in government programs.

Public hearings across Ontario on the act review heard the importance of credit unions serving communities, businesses and people often ignored by the banks. Credit unions do not have shareholders; we have members, and they are community members who directly benefit from the local credit union. Credit unions lend in the communities they live and work in from the profits generated in those communities. This creates a multiplier effect so pronounced that a recent study by Credit Union Central of Canada found every dollar that we lend from retained earnings has a multiplier effect of $10.50 of lending. This means that if FirstOntario had $100 million in deposits to lend in the Hamilton, Niagara Falls and Brantford areas, parts of the province that could benefit from such lending, more than $1 billion would be generated to promote business, create jobs and grow the economy.

Deposits fuel our business, so we must ensure we can encourage that fuel. Presently, Ontario has the lowest deposit insurance limits in North America for credit unions, at $100,000 per depositor. Premiums on that deposit are wholly paid for by credit unions and held in a fund administered by DICO. DICO's operating budget comes directly from credit union dues just like a private insurance company would be run. This means no taxpayers' money goes to support credit unions, insure credit unions or even run the Credit Union Deposit Insurance Corp. It is one of the most efficient operations in the government and represents the least risk to taxpayers.

Banks have the same deposit insurance limit, but per subsidiary, so they can double and triple up, not that they need the help. They already hold 96% of Ontario deposits, and no one believes that deposits are not fully secured by banks. A big reason for that is the way the federal government has promoted Canadian federally chartered banks as the strongest in the world. Credit unions are Ontario's financial institutions and, just like Canadian banks and despite financial institutions failing the world over, Ontario credit union deposits were fully secured and well-capitalized during the recent financial crisis. In fact, Ontario credit unions not only survived but we thrived.

Central 1 Credit Union statistics show that the value of residential mortgages held by affiliated credit unions increased by 93% from the first quarter of 2008 to the fourth quarter of 2013. Over the same period, commercial lending increased by 90% and agricultural loans by 56%. That means that in the areas where ALOCU credit unions are serving communities—London, Windsor, Ottawa, Hamilton, the Niagara Peninsula, northern Ontario, Kitchener, areas hardest hit by the economic downturn—credit unions responded.

Despite increased lendings at a time of economic turmoil, DICO reports that year-over-year credit union loans have seen a lower delinquency rate in every sector, leading to lower overall loan costs for our members. Why? We know our members. We know the communities, and we understand the economic realities of those communities, because we are part of them. We have a stake in the economic success of the communities we work and live in.

Credit unions have been there for Ontario governments, lending when others have left, and supporting economies others refuse to, so we ask for your support back. Make a statement in this budget about Ontario's support for its credit union system, a statement that will say, "We believe in our credit unions," a system that supports the growth of the Ontario economy and the communities they serve.

We ask that a simple regulatory change be made in the budget to increase the credit union deposit insurance to $250,000 per member, paid for by the credit unions and administered by DICO at no cost to taxpayers. This increase would put Ontario's credit unions on a more level playing field with banks, and is the North American average.

We ask for this change and for a statement by the Ontario government for its province's financial services system—Credit Unions of Ontario.

Thank you. I would like to take any questions you might have.

The Chair (Ms. Soo Wong): Okay. For this round of questions, Mr. Fedeli, do you want to begin the questioning?

Mr. Victor Fedeli: Thank you very much, and welcome, Kelly and Robert. We're pleased to have you here this morning.

You talked about the increase of deposit insurance to $250,000 per member. The way it has been worded, it seems easy enough, so why do you think the government hasn't made that change yet?

Mr. Rob Paterson: This is one of the questions that we're asking ourselves too. We're trying to look at and understand what could be the possible barriers. We would understand concerns around raising costs to Ontarians, but we know we've dealt with the issue that it will be borne by the credit unions. We really look at it as a very simple ask, something that can easily be provided in this budget and something that will then help stimulate the Ontario economy. We see it as something that's going to create jobs. We see this as something that's going to allow us to lend more deeply into the communities that we're operating in and into some that actually have some deep economic challenges.

We think it is something that is a very simple request, something that allows us to stay competitive and that allows our members to have peace of mind on their deposits. As we grow and have more Ontarians come in to deal with us, we'll able to lend, again, more deeply and more uniquely in the marketplace.

Mr. Victor Fedeli: You have reminded us that credit unions are member-owned, so what risk does the taxpayer face if the deposit insurance level is increased?

Mr. Kelly Harris: No risk. Absolutely no risk. The Deposit Insurance Corporation of Ontario is completely and fully funded. The fund that insures credit union deposits is funded by premiums paid by credit unions.

There is availability for them to access guarantees, and any money that would be guaranteed would be paid back by the credit unions.

In fact, Rob, who has worked in the insurance sector, can explain it. It works just like an insurance company. The Ontario government wouldn't have risk in a private insurance company. It works very similarly to that.

Mr. Rob Paterson: It does, and I think if you look at the history, going through the downturn as well, credit unions have fared exactly like the Big Five banks.

We are secure, we are reliable, and we don't see this as anything that is going to affect taxpayers.

Mr. Kelly Harris: If I may, I believe that all three parties do support this. We saw that through petitions that were introduced in the Legislature in the last two sessions of Parliament. I believe at least four members of the committee today introduced petitions in the House in support of credit unions—I'm not going to name names—so I do believe that all three parties do support this.

Mr. Rob Paterson: And just to add, we're trying to be very prudent, too, in our ask for the $250,000. Other provinces have unlimited; we're not looking for unlimited. We're looking at $250,000, which we think will make us competitive in the province and which will assist us in raising more capital through our membership. Then again, we will turn that into community-based loans in the local markets that we operate in.

Mr. Victor Fedeli: I'll name names. I'm one of those who stood and read a petition—

The Chair (Ms. Soo Wong): Confession is good for the soul.

Mr. Victor Fedeli: —on behalf of my members of the riding of Nipissing. I proudly stood and signed that petition.

Mr. Kelly Harris: From Alterna credit union as well.

Mr. Victor Fedeli: Exactly. Is it enough to simply increase deposit insurance to increase your own deposits? Would that do it?

Mr. Rob Paterson: Yes, I think it's a significant move. We are also doing other things on our own—the awareness campaign that you heard Kelly talk about, to promote the concepts of credit unions—but I think it gives us a significant opportunity to go out into the marketplace, to build new membership and to keep deposits in Ontario, not to have them go out to other provinces, by allowing Ontarians to know that their deposits will be safe. As you know, with the volatility that we're all experiencing right now in the global markets, we're seeing a lot of people wanting to use traditional deposit products for safety and security for their families and their well-being, so we want to be able to tell them with confidence that that's there.

1140

There are other things that we're looking at, and those are part of the act review that's going on. Those are longer-term things that we want to have a dialogue with the province about. But we see the deposit insurance as a day-to-day thing that can be dealt with in this budget at this time, and that will have an immediate impact and effect in Ontario.

Mr. Victor Fedeli: So we know what you're doing as an industry. What do you need us and/or the government to do, then?

Mr. Rob Paterson: Really support it. Put it through in this budget, and stand up and say, "We believe that Ontario credit unions are strong. They're vibrant. We support them. We trust them. This is a safe place for Ontarians to have their money and to transact." Really

continue to gain understanding. We want to have a dialogue, to continue to talk about the economic impact of credit unions and how we're supporting more rural communities and local communities, how we're adding traditional and non-traditional lending into those communities, and how to support that model as we go forward. We really do believe that we're helping to assist the Canadian economy and the Ontario economy and to really drive them through some difficult times.

Mr. Victor Fedeli: You talk about this happening in the upcoming budget—this spring, I presume, or early summer. There's an ongoing review of the act right now. Can't you wait for that?

Mr. Kelly Harris: Thank you for the question. The ongoing review of the act is to modernize credit union legislation in Ontario. That has to deal with looking at the powers we have and maybe changing some of the work that we do. This is based in our traditional business model, so it makes sense that this could be done outside of the act review and as part of the budget. The act review could take a year or possibly two more years, and in that time we've seen the Federal Reserve lower the interest rate as well. It's going to be harder and harder to compete for deposits and grow the primary business of credit unions. So we believe that now is the time that this must be done.

Mr. Rob Paterson: I think we're seeing right now that Ontarians are looking to have their deposits in traditional tools. Right now, in the marketplace, this really is a need for us: the ability to demonstrate that we're strong institutions and their deposits are secure.

The Big Five have the ability to leverage their mortgage corporations and investment houses to triple or quadruple the $100,000 CDIC insurance and the $400,000, $500,000 and $600,000 coverage for Ontarians, and they use that as a way to say, "Look, you can't get that through a credit union. They're not as secure as the Big Five." We're saying, "No, we're absolutely as secure. We have exactly the same track record." So we're looking at a very simple increase that can be done in the budget and done at this time.

The Vice-Chair (Mr. Peter Z. Milczyn): Thank you, gentlemen, for your submission. If you have anything additional that you want to submit in writing, please do so to the Clerk by 5 p.m. tomorrow.

Mr. Kelly Harris: We've already done that, actually, but thank you very much, Vice-Chair.

ASSOCIATION OF ONTARIO HEALTH CENTRES

The Vice-Chair (Mr. Peter Z. Milczyn): Our next witness is from the Association of Ontario Health Centres.

Please provide us with your name and position for the official record. You have 10 minutes for your presentation, which will be followed by five minutes of questions from the third party.

Ms. Jacquie Maund: Good morning. My name is Jacquie Maund. I work for the Association of Ontario Health Centres. We have 113 member health centres across the province, and some of you may have some in your ridings. They include 75 community health centres, 10 aboriginal health access centres, 15 community family health teams and 13 nurse practitioner-led clinics.

What differentiates our members in terms of the primary health care that they provide is that we are most effective at serving vulnerable populations. Community health centres and aboriginal health access centres have a particular mandate to serve people who experience barriers to accessing health care. That could be, for example, people living in poverty, people living in rural and remote communities, people with disabilities, francophones, newcomers, people who don't have insurance, and aboriginal people.

What makes our members stand out from other primary health care models is that, under one roof, we provide both primary care and a range of community supports and services that prevent illness and promote health. So it's a broader range of services that we provide, compared to a single practising doctor or family health team.

We know that the Ontario government is focused on ensuring that health care spending improves quality of care and health outcomes for people. We know that there has been a particular focus, over the past couple of years, on high users of the health care system.

We believe that our members in the Association of Ontario Health Centres are well positioned to play an expanded role to support people who have more complex social and medical needs because we can provide both primary care and the community supports to help keep them out of the more expensive hospital and acute care system. But to do this most effectively, our members require base funding increases to address their increased operating costs and also to address staff retention and recruitment challenges. We also need government to play its part addressing the social determinants of health, such as poverty.

I'll go into more detail now in terms of our recommendations for the budget. We're seeking a 2% increase in base funding for our members and an ongoing increase that reflects the cost of living. The rationale behind that is that all of our members are experiencing increased operating costs, including utilities, information management and staffing. Most members have not received an increase in base funding for at least three years, yet our members are experiencing an increased demand for their services and they're being asked to do more by the LHINs to keep people out of the costly hospital system. Because of operational shortfalls, some community health centres are being forced to cut back on services and to lay off staff in order to cover their costs.

More specifically, for our 10 aboriginal health access centres, they have not been funded at parity with the community health centres despite the fact that they serve similar numbers of people. This is for historical reasons which I won't go into. Our aboriginal health access centres are requesting an $8-million increase to the 10 of

them, to their base budgets, and a $2-million increase to address their data support and information management challenges. Again, we're requesting increases to cover the increased costs that our members are experiencing in terms of operating costs, and we're asking for that to be indexed going forward.

We're also seeking financial support to address the staff recruitment and retention challenges that are faced by many community primary care organizations by funding a four-year strategy that would bring all health care professionals and interprofessional primary health care organizations up to a recommended salary range for 2012. Our members are struggling to retain and recruit qualified health care professionals, such as nurse practitioners and dietitians. Right now, one in every five nurse practitioner positions in community health centres is vacant. This means that over 250,000 people in the province are not getting the primary care to which they're entitled.

This problem stems from government-established salary rates for interprofessional primary care, which are up to 35% below market value. This means that we're losing key parts of our health care staff who leave to work for higher-paid jobs in community care access centres and hospitals. For example, a nurse practitioner can get a job that pays $25,000 more in a hospital, and that's part of the reason why we're losing this key part of our staff.

Our Association of Ontario Health Centres, along with the Association of Family Health Teams and the Nurse Practitioners' Association of Ontario, are seeking a 5% annual increase in funding flowed to community primary-based care organizations for four years. We've sketched out a four-year strategy to address this problem, with a total cost of $122 million over four years. We believe this is a modest, phased-in affordable solution to the human resource crisis that we're currently experiencing in primary care.

I want to talk now about poverty reduction. In the last throne speech, the Premier committed to building a fairer and healthier Ontario. We certainly support that commitment, but our members can only go so far in providing services for people to be healthy and well. We need the Ontario government to play its role to address the broader social and economic determinants of health, such as poverty.

The Association of Ontario Health Centres is a member of the 25 in 5 Network for Poverty Reduction, and we echo their five key budget asks for the Ontario government.

1150

First of all, ensure that people can live with financial security and dignity—I think that is something that we can all agree on—people who are particularly suffering and dealing with the challenges of low income and those on social assistance. So we're calling for an increase in social assistance rates for all recipients, with an increase of $100 per month for single people on Ontario Works. We're also calling for an increase to the Ontario Child Benefit by $100 per child per year, with indexation of all future increases.

We believe that all people in Ontario deserve to be healthy, yet too many people we see in our centres do not have access to the extended health benefits that they need. We're calling on this government to move faster on the promise it made in the last budget and commit to extend public dental programs to low-income people within the current mandate.

We're also asking for the province to take leadership toward a universal pharma care plan that ensures access to affordable prescription drugs for all of us.

We're calling for the government to invest in community infrastructure, specifically around homelessness; outline a timeline and a budgeted plan this year to end homelessness in Ontario; and include expanded investments in supportive housing that are so crucial to support people with mental health and additions challenges.

We're also asking for details on the promised $50-million investment over four years for the Local Poverty Reduction Fund.

We're calling for the government to implement a good jobs strategy. As part of that, we're seeking an increase to the minimum wage to $15 per hour, which would mean that an individual person would have an income that was 10% above the poverty line.

We know that all of these investments cost money and require public revenue, so we're calling on the government to review revenue-raising options from organizations such as the Canadian Centre for Policy Alternatives—the Ontario office—and the C.D. Howe Institute. We want the government to commit to a plan to build sufficient public revenues to invest effectively in poverty reduction, community health and well-being. Thank you.

The Vice-Chair (Mr. Peter Z. Milczyn): Thank you. Ms. Fife has five minutes to ask you questions.

Ms. Catherine Fife: Thank you very much, Jacquie. I have a lot of questions, but I only have five minutes, so I'm going to try to get to some of the core ones. The aboriginal health access centres—we heard in Fort Frances and Sudbury that those centres are in the untenable position of having to take patient care funding to address IT and information management. Can you speak to that a little bit, please?

Ms. Jacquie Maund: Sure. The association of community health centres is implementing Canada's largest electronic medical records program, so the community health centres have funding to implement that program. It's going extremely well. The aboriginal health access centres—because they were part of a different funding stream, they are not funded by the LHINs—are implementing this system but have not got the additional resources in terms of staffing support to make best use of that EMR project. So they are looking for $2 million to enable them to fully use all of the capabilities of that EMR system and to support it so that we can make best efforts to track and report on health outcomes and what we are achieving from public funding.

Ms. Catherine Fife: Okay. Thank you. The ask around public dental benefits—this has been a huge

issue, and it has been a consistent issue that we have heard across the province. The government is going through a modernization model of some sort trying to consolidate where that funding is going and how it's affecting those adults who require dental care. Can you speak to that at all, the impact of that modernization, or have you seen that in your centres?

Ms. Jacquie Maund: My understanding is that right now the province is integrating the programs that we have for low-income children into one, and that the details of that have not been fully released yet. It becomes operational in August.

Our interest is certainly in ensuring that the services that are currently available for low-income kids, which include emergency care, which does not require a specific income ineligibility requirement—but if I'm a parent and my kid has cracked their tooth, and I go in and say, "I can't afford to go to the dentist. Can you please help my child in pain?" they would now be eligible under the CINOT program, so we want to ensure that that flexibility around emergency care remains in the new integrated Healthy Smiles Ontario program.

There are no other programs for adults unless you are on social assistance. If you're on Ontario Works, that basically means getting your tooth pulled out. We've tracked the number of emergency room visits. There are over 59,000 visits per year to hospital emergency rooms because of dental emergencies and 218,000 visits per year to doctors for emergency dental visits. But hospitals and doctors can only give painkillers, no treatment. So we are already spending at least $37 million, we've estimated, per year through our health care system for absolutely no treatment for people with dental problems. This is an urgent issue. We're seeking that the government move faster on its promise to extend public dental programs to all low-income people, including seniors, which all of us will be at some point, and there are no public dental programs to cover you then.

Ms. Catherine Fife: Thank you for being so clear on that. There is, I think, a solid financial case for the prevention piece on dental care, because the downstream costs are growing.

The last question, really—and this is a bigger conversation, but there is this growing tension between hospitals and community-based care. The hospitals, who have seen four years of flatlined funding, which is essentially a cut, are seeing an increase in emergency department, mental health, a whole inventory of medical issues, because they don't have access to community-based medical care, which is what you're sort of fighting for, especially around the nurse practitioners. There has been a reluctance to address it, but it's right there in front of us.

Can you talk about the financial investment that you need for your centres and how that would impact the hospital reality in the province of Ontario?

Ms. Jacquie Maund: I think there's lots of evidence that the more you invest in preventative care, in health promotion and in keeping people well and healthy, the more effective you are in keeping them out of the more costly hospital system. A recent study by the Institute for Clinical Evaluative Sciences compared primary care models and showed that community health centres were doing a better job than others in terms of keeping our clients out of the hospital system.

What we're saying is that we want to continue that work. We want to do more work; we want to serve more people. But without an increase to our base operating funding, we're not able to keep up with the increasing cost of living, with the basic increase to operating costs.

It's a pretty basic request. The cost of a 2% increase for our community health centres would be $5.6 million per year, and then indexed to inflation going forward. I would just say that there is evidence that shows the good job that we are doing, but without base funding increases, we are going to have to lay off people and cut services, which will lead to an increased burden on hospitals.

Ms. Catherine Fife: There's definitely a connection—

The Vice-Chair (Mr. Peter Z. Milczyn): Thank you very much for your presentation.

Ms. Catherine Fife: Thank you.

The Vice-Chair (Mr. Peter Z. Milczyn): The committee stands recessed until 1 p.m.

The committee recessed from 1158 to 1300.

ONTARIO BIOSCIENCE INNOVATION ORGANIZATION

The Chair (Ms. Soo Wong): All right. I'm going to resume the committee. I believe the first group coming before the committee is the Ontario Bioscience Industry Organization. Ms. Gail Garland, welcome. Good afternoon.

Ms. Gail Garland: Thank you.

The Chair (Ms. Soo Wong): As you know, you will have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be coming from the government side. Please identify yourself and your position with your organization for the purpose of the Hansard. Welcome.

Ms. Gail Garland: Good afternoon. I am Gail Garland, president and CEO of the Ontario Bioscience Innovation Organization. OBIO is a not-for-profit membership-based organization engaged in developing a health innovation economy for Ontario that will provide leading health technology products and services to our health care providers and the international marketplace. OBIO works through advocacy, high-quality programming and strategic leaderships and via collaborative partnerships with industry, patients, government and academia. My remarks today deal with encouraging growth in Ontario's human health technology and bioscience sector.

The World Health Organization estimates that $6.5 trillion is spent on health care worldwide, a figure that represents significant economic potential for jurisdictions with sustainable, successful health care industries capable of solution-driven R&D and product commercialization.

The global bioscience industry is also a key pillar of the knowledge-based economy.

Ontario's industry has the potential to be the window through which the province derives a return on its investment in education and academic research; a source of quality jobs at every level; and the bridge between economic development and health care solutions. It is also a source of massive untapped potential, with a documented history of poor commercialization and early-stage companies that struggle to grow.

OBIO is presenting today to encourage all members of government to commit to Ontario's health care industry, understand its value and to invest in specific programs and incentives for growth and competitive success—programs and incentives that attract investment, fuel revenue and knowledge economy job growth within the private sector and address the growing cost of health care.

The industry recognizes the fiscal challenges that face the government in 2015. Our priorities align with the government's and we are committed to being part of the solution. Today's recommendations come from consultations with OBIO's membership of over 200 local companies, multinational interests and the broader ecosystem. They reflect industry's desire to create more knowledge-based jobs in Ontario companies and develop important, cost-effective health solutions. This cannot be done without policies and support for programs with these specific goals in mind.

This afternoon, I would like to present three recommendations to you, addressing access to capital, capital formation, and incentives for investment in industry growth.

First, access to the right capital for growth: This is industry's number one priority and biggest challenge. We recommend sustainable three-year funding for OBIO's CAAP program to address this need.

The OBIO capital access advisory program, CAAP for short, is a distinctive program designed to address the financing challenges commonly faced by Ontario's innovative bioscience companies when moving from seed to larger-stage financing rounds. CAAP is building an Ontario resource that will be recognized by the global investment industry for its quality and deal flow potential. This will contribute to attracting investors and their funds to support the growth of Ontario's bioscience industry.

The OBIO CAAP program identifies high-potential Ontario bioscience companies, accelerates their corporate development and, thus, their ability to raise capital, create jobs, commercialize and export technologies. The OBIO capital access advisory program continues to gain momentum, and it is important that OBIO has the means to deliver this program in a timely and efficient manner. Funding from the province of Ontario will help to ensure that OBIO CAAP continues to help Ontario bioscience companies grow into the life science companies that they have the potential to be to contribute to Ontario's economy.

OBIO is asking the province for $1 million of funding in 2015, $1.1 million of funding in 2016 and $1.1 million of funding in 2017 in support of CAAP activities and expanded offerings, including province-wide access by Ontario companies and pre- and post-CAAP services to companies. OBIO gratefully acknowledges the funding contribution MRI has made to CAAP operations over the last two years.

Based on the success that we have seen this far, including positive feedback provided by the steering committee, advisers and companies, we look forward to building OBIO CAAP and urge the government of Ontario to continue to support this unique and vitally important program supporting Ontario's high-potential bioscience companies.

Our second recommendation relates to the creation of a human health innovation capital fund to ensure Ontario's technologies and companies have the resources they need to develop, commercialize and compete globally, bringing revenues and health solutions to the province.

Ontario has a trend of companies stalling, or relocating in order to grow. This trend could be reversed with a well-designed, specific capital fund to support the development of health care companies and technologies in the province. Such a fund could build on Ontario's investment in regenerative medicine, oncology and neuroscience research by investing in local companies to move our technologies forward.

The absence of a fund committed to Ontario's health science sector continues to make it difficult to attract talent, build companies or derive returns. With adequate, sustainable funding beyond the seed stage, successful, innovation-based companies can focus on product development, commercialization into domestic and foreign markets, and job growth.

The existence of an Ontario health science innovation capital fund will attract foreign capital into the fund and into companies that the fund invests in. The outcome will be positive change to the capital environment in Ontario, industry growth, and a return on Ontario's investment in research.

The third group of recommendations relates to incentives for investment and industry growth. According to Ernst and Young's worldwide R&D incentives guide for 2014-15, "The pace at which countries are reforming their R&D incentives regimes is unprecedented. For some, this means introducing completely new incentives; for others, it means making incentives more generous in a bid to foster growth."

Ontario's industrial R&D spending declined 4% from 2011 to 2012. We are not keeping up, and there is a need for R&D incentive reform. Additionally, Ontario's tax program to incentivize R&D within companies is amongst the lowest in the country. Ontario could play a leadership role in Canada and join world innovators in reforming R&D incentive regimes, gaining a strong health science industry, but it won't happen without policies and effective programming.

OBIO recommends that Ontario consider the following incentives for industry investment and growth:

First, a capital gains tax credit on investment returns for individual investors in private companies: A capital

gains tax credit supports and encourages business investors to provide the critical factors necessary to support Ontario's businesses and the economy, such that the tax benefit is realized only if the investment yields a realized return, encouraging investment only in those companies that investors think will succeed and will yield a capital gain, thus encouraging careful selection and management support and contribution.

Taking into consideration that only a small portion of the government's revenue is raised through capital gains taxes, eliminating this tax on investments in private bioscience companies just makes practical sense.

Next, OBIO proposes recommendations for R&D incentive reform, first looking at CCPC requirements.

Economists have argued that SR&ED requirements, such as CCPC, incentivize companies to stay small for tax reasons and do not incentivize job creation in Ontario.

OBIO recommends that the province consider a change to Ontario's current tax credit requirements that derive from SR&ED and focus on Canadian ownership—that is, to move away from the CCPC requirement to a model that rewards where the R&D work is done and where the jobs are created, similar to the approach used in Australia. An entity that is located in Ontario and does research in Ontario would be eligible regardless of its ownership—

The Chair (Ms. Soo Wong): Ms. Garland, can you wrap up your presentation so the government side can ask you some questions?

1310

Ms. Gail Garland: Absolutely. In conclusion, it can be seen that Ontario has done a successful job of building an academic health science powerhouse in the province and has devoted significant resources to updating and improving patient care. We have invested in research and education, and in seeding start-up companies.

It is time to apply the same principles to building the third component of our health science industry. This requires critical changes to programs and policies in order to promote and incentivize investment, job creation and company growth. In this way we can begin to see our health care sector as not just a cost centre but as a source of wealth for the province and innovative, high-quality and cost-effective care.

Thank you for the opportunity to speak with you this afternoon.

The Chair (Ms. Soo Wong): Thank you very much for this presentation. Ms. Vernile, I'm going to get you to start the questioning.

Ms. Daiene Vernile: Good afternoon, Gail. It's very nice to see you here today speaking to our committee. As the parliamentary assistant to the Minister for Research and Innovation, Reza Moridi, you and I have had the opportunity to meet on a number of occasions to talk about bioscience and how you want to see this very dynamic industry growing and providing jobs.

You talked about getting $250,000 from our government last year and the same amount the year before. My question to you—and for the purposes of taxpayers: What do you have to show for that money?

Ms. Gail Garland: To date, OBIO's CAAP program has admitted 13 high-potential Ontario companies. All companies are on track. The goal of the program is to help these companies raise a series A. All 13 companies are on track to do so by the end of this program year. Ones that have already raised capital have raised over $11 million.

Interestingly, on average, they've also hired 4.5 people per company, so even while they're in the program we're already seeing strong benefits from the program.

Ms. Daiene Vernile: You've also talked about access to capital, and I will tell you that in my riding of Kitchener Centre I've talked to many owners of high-tech start-ups. We have had an explosion of these companies in just five years—1,700 new tech start-ups. They say it's easy to get your hands on, say, $10,000 to $20,000 when you want to start one of these companies. Where it becomes challenging is when they want to scale up and hire more people and do more R&D and exports, so when they're asking for or looking for, say, $250,000 to $500,000, this is where they run into trouble.

I want you to talk, if you will, about Northleaf Capital Partners. This is a private sector manager that you have been directed to. Do you think that this is a good fit, a good match in trying to find this money?

Ms. Gail Garland: I am not certain how much investment Northleaf has actually done in this sector, and that's one of the challenges that our bioscience sector has. This is a high-reward but also a high-risk industry, and the timelines to develop these technologies are long. It requires patient capital and a knowledgeable investor who understands what a home run can look like for them.

Ms. Daiene Vernile: You've also touched on capital gains. How would this provide a return on investment?

Ms. Gail Garland: The capital gains tax credit incentive that I have presented this afternoon is structured so that it incentivizes an investor to invest and hold. It incentivizes them to invest, and hopefully engage, with a company that they've invested in, and they realize their capital gain only when the company is successful.

What we have recommended as an incentive to investors is to eliminate the capital gains portion when they do exit that investment, so that they realize a little extra capital as incentive, as a reward for having stayed in that company and contributed to their success.

Ms. Daiene Vernile: Thank you very much. It's an exciting industry.

Ms. Gail Garland: It is. Thank you.

The Chair (Ms. Soo Wong): Thank you, Ms. Garland, for your presentation and your written submission.

ONTARIO CONVENIENCE STORES ASSOCIATION

The Chair (Ms. Soo Wong): The next group coming before us is the Ontario Convenience Stores Association: Mr. Dave Bryans, the chief executive officer. Welcome.

Good afternoon. The Clerk is submitting your written submission, so thank you.

Mr. Bryans, you may start any time. Please identify yourself for the purpose of Hansard. You have 10 minutes for a presentation, followed by five minutes of questioning. In this round, the questions will be from the official opposition party. Thank you.

Mr. Dave Bryans: Great. Thank you. My name is Dave Bryans. I'm the CEO of the Ontario Convenience Stores Association. I want to thank the committee members for the opportunity to present to you today. This isn't the first time I've appeared in front of this committee on behalf of the convenience store sector, and I'm pleased to see many familiar faces here today as well.

Ontario's c-store members are a vital part of every community in Ontario. We operate in all neighbourhoods and in all regions in the province. They have developed a close relationship with their communities. They are relied upon by families not only to supply convenient access to daily necessities, but sometimes we're also a safe refuge in times of emergency in every community.

While we are a significant contributor to the provincial economy, owning and operating a small business in today's economic climate is not easy. Because of overregulation and changing customer demands, the ability to support and maintain a modest lifestyle from these businesses has been shrinking. That said, our businesses are resilient. Our stores are adopting new product categories, including healthy food products and prepared foods, in many of our sites.

Our association has been pleased to work with the Ontario government and have a seat at the table for discussions around the Healthy Kids Panel and menu labelling. Our businesses and consumers have benefited from these changes. However, there's still a ways that the Ontario government could go to better enable our small businesses to not only meet changing customer demands, but allow our stores to thrive in an increasingly competitive retail space. The good news is that helping convenience stores is a win-win. It will increase government revenues while acting in the public good and helping small businesses.

The two areas I'd like to focus on are modernizing Ontario's beverage alcohol retail system and enforcing more effective policies on contraband tobacco.

Beer and wine, retailed in a responsible way, with the appropriate amount of government oversight: Ontario c-stores can thrive once again with the ability to retail beverage alcohols. Here are some facts backed up by independent studies:

C-stores already do it successfully in many societies around the world, from BC, Quebec, Alberta and Newfoundland to the US and throughout Europe.

Two thirds of Ontarians want more convenient access to beverage alcohol products.

In Ontario, c-stores have been ranked the best at age-checking ID and restricting youth access to age-restricted products like tobacco and lottery.

The government stands to generate more revenue by allowing c-stores to use the LCBO as its wholesaler and by providing more access points for LCBO products. I'll touch a little bit more on this in the presentation.

In August 2014, the OCSA made a submission to the government panel on asset review, chaired by Ed Clark. We have made available copies of that submission to Mr. Clark. It's on the table here. We followed this up with an in-person consultation with Ed Clark and his colleagues in November. In both opportunities, we made a case for a gradual and measured approach to modernization.

Essentially, our proposal calls for the expansion of the existing and successful LCBO agency store model. For those that don't know, there are just over 200 LCBO agency stores currently in the province. These are c-stores in rural and northern communities that have the LCBO banner affixed to their signage, and they retail LCBO products. The c-store operators are responsible for all costs associated with retailing the products, including labour and capital costs. Stores have to compete for the LCBO agency licence and are subject to a comprehensive audit performed by LCBO officials as part of the RFP evaluation.

To date, this model has served to increase the LCBO's reach, has allowed the Ontario public to access LCBO products without travelling great distances, and has not triggered any significant social or financial ailments in these communities.

By piloting an expansion of this successful program in an urban or suburban community, perhaps in a region that lies adjacent to Quebec or even the US border, government will be able to build on the success of this program while stimulating local economies and increasing LCBO revenues.

The financial benefits for an expanded LCBO agency store program are compelling. These include but are not limited to the following:

—increased licence fees from LCBO agency stores;

—wholesale markups on each product sold;

—increased overall sales volumes, creating higher aggregate profits;

—increased sales at government-run LCBO stores, as proven in the British Columbia example; and

—more private sector jobs and private sector investment. As an example, Mac's Convenience Stores has stood up and said, "We will invest $50 million to build 15 new stores if the market should open, and employ 1,500 more employees as an investment." That's just one chain in Ontario.

1320

We think that our proposal makes sense and represents a reasonable and easily implementable way to modernize Ontario's retail system.

Turning to contraband tobacco, our industry was encouraged by the government's inclusion of the issue of contraband tobacco in their most recent budget and fall economic update. The government has acknowledged the numerous studies and media reports that confirm that the problem of contraband tobacco continues to rise in Ontario. As committee members, you may know that our most recent contraband tobacco study found rates as high

as 48% contraband usage in the province. In total, roughly 25% or a quarter of all cigarette butts examined in this study were untaxed cigarettes.

Addressing contraband tobacco could save the province over $1 billion, according to both Don Drummond and the Canadian Taxpayers Federation. Ontario's Auditor General has stated that failure to address this problem is costing this government over half a billion dollars a year. Incidentally, $500 million is almost the exact sum that the government is going to be short on their deficit target this fiscal year, as reported in the recent economic update in November 2014.

It should be noted that the answer to solving Ontario's deficit cannot come at the price of another increase on tobacco taxes. This only increases the appeal of the illegal market and sends tobacco users to cheaper alternatives. In a survey just conducted by the OCSA of tobacco users, 70% said they would find another, cheaper source for their tobacco product if the price of tobacco were to increase.

It is our belief that increased taxes and regulation do little to prevent youth access to tobacco, because of the availability of these products on the illegal market, and unintentionally contribute to the underground economy.

An example of this type of well-intentioned but flawed legislation would be the government's recent introduction of Bill 45, the Making Healthier Choices Act, 2014. Our industry is concerned that the provisions within the bill will only serve to bolster an already growing market for illegal tobacco. For instance, the bill proposes to ban menthol cigarettes and flavoured tobacco. While law-abiding retailers will no longer be able to sell these products, they already are and will continue to be accessible through illegal channels at a fraction of the cost. In fact, there are over 30 brands of menthol cigarettes already available on the black market—far more than any of our licensed retailers even carry.

Some committee members may wonder exactly how likely it is that those who consume tobacco products will actually consider procuring tobacco on the illegal market. Well, the answer to this question is quite surprising. A public opinion survey conducted by our association just two weeks ago found that half of flavoured-tobacco users would look for their products elsewhere. The number is larger when looking at all smokers; over 60% said they would consider purchasing untaxed tobacco on aboriginal reserves. Very few, just 20%, said they would consider quitting smoking altogether, which is further proof that banning flavoured tobacco will have a limited impact on smoking cessation.

We share the concerns of government in terms of youth access. We are the most reliable gatekeepers between youth and age-restricted products, and believe that no youth should have access to any cigarettes, but our retailers believe that Bill 45 unintentionally bolsters the illegal market. Please keep in mind that the black market:

—does not check for age before selling tobacco, thus putting youth at increased risk;

—is not subject to display bans, point-of-sale advertising restrictions and special packaging requirements, all designed to help the smoker transition from tobacco;

—supports broader organized crime activity;

—undermines Ontario's GDP growth; and

—hurts small business retailers throughout the province.

As part of our pre-budget submission, the OCSA has shared the industry's specific recommendations on how the Smoke-Free Ontario Act can be amended to both make selling tobacco to a minor illegal and to make possession of tobacco products by a minor illegal. This is an initiative that has been heavily supported by the Ontario public, as 80% of Ontarians agree with a new law to make possession, purchasing and consumption of tobacco illegal for minors. Even seven in 10 smokers agree with this proposal, which would achieve our shared goal of curbing youth smoking and access.

I would be happy to share more details with any of you during question period or separately at a separate meeting. While we are optimistic that the government wants to act on contraband tobacco, we urge them to do so in the near future and to take a more strategic approach than is being shown today.

In conclusion, Ontario convenience stores are at a crossroads. A number of c-stores are continuing to close, and it's a huge concern, especially in rural Ontario. This is a shame. Convenience stores are community builders. They're in every neighbourhood across this great province. They interact with over three million people a day here in Ontario. C-store owners are hard-working families. They are contributors not only to local economies, but to community safety. Without a new destination category, like beer and wine, and without meaningful government intervention on contraband tobacco, small businesses will continue to struggle.

I am proud of the work that we've done with this government over the past several years. We look forward to working together on these and other issues to continue to make this province a great place to live and work in. Thank you for your time, and I'm happy to answer your questions.

The Chair (Ms. Soo Wong): Mr. Fedeli, do you want to begin the questioning?

Mr. Victor Fedeli: Thank you very much. Welcome, Dave. It's always enjoyable to listen to you. Full disclosure: My dad opened his first convenience store in 1956. I was five years old when I had to stand on a stool. My sister was five years old when she had to stand on a stool. We learned how to punch cash registers for the next 10 years at mom and dad's convenience stores.

The LCBO agency store model: I want to talk very briefly about that, and I know my colleague Ted Arnott is going to talk a little bit more extensively about that. Everywhere we've gone on this tour, I continue to remind the committee and put on the record that there are 218 of these in Ontario; I know a lot of the urban colleagues may not be aware of that. When I leave my home in North Bay and drive to Eldee, Ontario, there's a

gas station in Eldee, and you can pick up groceries, beer and wine if you'd like, and gas. This is not unusual in 218 places throughout Ontario, and I know Ted is going to speak about that.

I want to talk about the problem of contraband tobacco and the underground economy. Can you relate the story of how you picked up the cigarette butts at Scollard Hall, my old high school in North Bay, over the last two years and just talk very briefly about that?

Mr. Dave Bryans: Sure. I'll just quickly tell you—

Mr. Victor Fedeli: And explain how you do that.

Mr. Dave Bryans: It's the most unscientific study; I can tell you. We've swept 130 sites in Ontario for two years in a row, the identical sites. With provincial tobacco tax increases and federal increases, we're able to measure: Is there a movement in contraband, and is it infiltrating every community more often? I think it's about 40 communities.

Saying that, we sweep them up where people are known to smoke, whether it be at the Sudbury racetrack or at the high schools. We do wait until people have gone home, or they're not around. We sweep them up, and then our researchers look at the butt and figure out if it's illegal or legal. The reason we have to do that is, first off, smokers who buy illegal tobacco do not come in and tell you—they wouldn't tell this committee—and people who ship them to your community will not admit it to you until either the CRA or the RCMP find them. So it is unscientific, but it has shown an immense amount of growth, I think, in your market.

I did an interview yesterday in Sudbury, and we went from 24% a year ago at the same five sites to 35% in a short year, the highest being the local hospital in Sudbury, and the second-highest being the slot parlour, or the racetrack, in Sudbury. So it is a concern, and it should be a concern to all of us.

Mr. Victor Fedeli: So to further explain, you sweep the cigarette butts, you put them in a garbage bag, and you drive them back to Toronto. Somebody sorts through them and counts how many Putter's or other illegal cigarettes are there. You did that one year and then the following year, and that's your analysis.

Mr. Dave Bryans: It was the identical 130 sites, just to understand better. And we'll do it next year at the same time.

Mr. Victor Fedeli: And it's a remarkable increase this year over last year at the high schools and the hospitals and such.

Mr. Dave Bryans: Yes, we're quite concerned. First off, no high school or hospital should have that much smoking. We find the hospitals are very high in Ontario. Maybe that's because it's easier to sweep them.

The Chair (Ms. Soo Wong): Mr. Arnott, you have two minutes.

Mr. Ted Arnott: Yes, thank you very much. We really appreciated your presentation. I thought it was very interesting. You outlined the economic impact of your industry in the supplementary paper. Convenience stores are big business, collectively, and it's something that I think this committee needs to fully appreciate and understand.

You mentioned the LCBO agency stores, and you're suggesting that that be expanded in other convenience stores across the province. As Vic was saying, there are at least two agency stores in my riding, in the communities of Rockwood and Hillsburgh. They're small towns fairly close to the city of Guelph, but they have their own agency stores within existing grocery stores.

It's an initiative, I believe, that was brought into the province of Ontario when Andy Brandt was the chair of the LCBO and when our party was in government. To the best of my recollection, I don't think I've had a single complaint from anybody about the existence of the agency stores, and I think that people do appreciate the convenience. Your suggestion is a sensible one, and it builds upon something that's already in place.

I assume that you've had direct discussions with the government suggesting this idea. Have you gotten a response from them?

1330

Mr. Dave Bryans: Oh, we've been dealing with the Ed Clark panel—by the way, he's a wonderful individual. We have suggested an LCBO beer agency store as an expansion, because the Beer Stores in Ontario have 80% of the market and LCBO has 20%. For the government to protect its assets and continue to compete in the beer market, they could move the beer through the LCBO distribution centre—that's where the markup is and that's where the profit is: at distribution, not at retail—and then ship it to LCBO beer agency stores as a convenience factor for every community. The government would reap immense benefits. I think Mr. Clark was very interested in our submission, and it isn't to put full alcohol in all communities.

The Chair (Ms. Soo Wong): Okay, Mr. Bryans. Thank you very much for your presentation, as well as your written submission.

Mr. Dave Bryans: Thank you.

ONTARIO NURSES' ASSOCIATION

The Chair (Ms. Soo Wong): The next group coming before us is the Ontario Nurses' Association, and I believe it's Vicki McKenna, the first vice-president. Ms. McKenna, it looks like you have a colleague with you.

Ms. Vicki McKenna: Yes, I do.

The Chair (Ms. Soo Wong): You have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be from the third party. Can both of you identify yourself, as well as your position with the Ontario Nurses' Association, for Hansard purposes? You may begin any time.

Ms. Vicki McKenna: Absolutely. Thank you and good afternoon. My name is Vicki McKenna. I'm a registered nurse and I'm the provincial first vice-president of the Ontario Nurses' Association. Joining me today is Lawrence Walter. He is ONA's government relations officer.

My background in nursing includes many years of practice as a registered nurse at the London Health Sciences Centre. I work with both the adult and pediatric populations and their families.

ONA is Canada's largest nursing union. We represent over 60,000 registered nurses and allied health professionals, as well as 14,000 nursing student affiliate members. We provide care in hospitals, long-term-care facilities, public health units, the community, clinics and industry.

The standing committee has heard from a number of ONA nursing representatives across the province, in Sudbury, Ottawa, Fort Erie and London. We've detailed the challenges to the delivery of safe care for our hospital patients and in the community. You've heard that hospitals have responded to budget restraints with significant cuts to RN positions and the implementation of staffing models that have replaced RN care with less-qualified staffing.

We know from direct experience that this under-funding of hospitals hurts patient care. This afternoon, I'll talk to you more about cuts that were announced today and I'll provide you with updated information that will include recent assaults on nurses in hospitals in Ontario. This evidence from across Ontario clearly demonstrates the dire need for more registered nurses in our hospitals to meet the increased care needs of our complex, unstable and unpredictable patients. We hope that the standing committee understands that the current conditions in our hospitals must not continue, for the sake of our patients and for the well-being of our nurses.

First, I'll repeat, as I did at the last committee, that the ratio of RNs to population in Ontario continues to be the second-lowest in Canada. Ontario clearly must and can do better. Ontario only has 71 registered nurses per 10,000 population, compared with the national average of 83.6 RNs per 10,000. This is nothing to be proud of. As a result, the increasingly high patient assignments for each RN means that gaps may arise in patient assessments, interventions and care planning.

The 2015 budget must address this untenable gap in RN care for our patients. We're calling on the government for a plan of action in Ontario that will begin to stabilize our RN care with that provided in the rest of the country. We're asking for a comprehensive nursing human resource plan to be developed that clearly identifies where RNs fit into the government's vision for health care in Ontario. We're calling for an end to the freezing of hospital-based operating budgets. There have been multiple years of funding for hospitals that are below the cost of inflation, and the population growth is creating high-risk situations for patients' care. Ontarians deserve better.

Ontarians have lost more than three million hours of registered nursing care from cuts as a result of the three years of funding freezes for hospital-based budgets. We know that higher levels of RN staffing in hospitals are essential to care for the patients with complex, unpredictable conditions. Studies show that adding one patient to a nurse's average caseload in acute care hospitals is associated with a 7% increase in complications and patient mortality.

We also know that RN staffing is associated with a range of better patient outcomes, from reduced infections and other complications that are mitigated through early intervention and to more rapid patient recovery and shorter hospital stays. The cuts that we're seeing to RN positions completely ignore the evidence linking RN care to improved health outcomes for our patients. Over-census on our hospital units are now routinely being assessed for stretcher capacity. That means nursing care being done in the hallways of our hospitals in Ontario.

Surgeries are being cancelled. Emergency patients are facing overcrowding and extended waits. Regional referrals are restricted, and the safety of our patients and our nurses is put at risk under these band-aid strategies to deal with overcapacity in our extremely busy hospitals.

The nurses of Ontario are asking: When did the government decide it was okay for our hospitals to put patients at risk, to balance budgets? Why is the government risking our patients' recovery? Why do hospitals close beds and cut nurses when in reality, the beds don't close but the staffing remains unchanged and unsafe? Why are hospitals still replacing registered nurses with unregulated staffing models when the evidence clearly shows patient care is negatively affected?

Today, Bluewater Health in Sarnia announced the elimination of 39 RN positions. For patients in the Sarnia area, these cuts mean less RN care in their intensive care unit, medical in-patient units, emergency, mental health, the operating room, the surgical units, and palliative and cognitively complex care units.

I say to the residents in the Sarnia area that you need to call your MPP. Tell them what's happening in their hospital. Tell them how this will affect your health care and the health of your community.

Freezing hospital base budgets below the costs of inflation and population growth is cutting funding for patients for the care that they need. The current reality is that the nurse-to-patient ratio in Ontario is unsafe, unmanageable and dangerous, and increasingly so for our nurses.

Patients in acute care have complex medical issues, with multiple health conditions that require a broad scope of practice, skills and experience. This is what RNs bring to the bedside.

Hospitals are experimenting with alternative staffing models, due to extreme budget constraints, but it's clear from the evidence that alternative staffing models cannot replicate the level, nature and complexity of the care provided by RNs.

I've almost given up asking the government about this, but I will ask once more: to enforce regulation 965 under the Public Hospitals Act, specifying that every hospital must put in place a functioning fiscal advisory committee to ensure input from front-line nurses. How else will they know how the cuts will affect the front line?

Finally, we're calling on the government to immediately convene a focus group of front-line nurses to inform the Minister of Health about the serious escalation of violent incidents in our workplaces. We're asking for the government to take action on a strategy to address the epidemic of workplace violence that must include these key components: provincial standards for the prevention of workplace violence and for risk assessments by employers; health and safety indicators and performance measures and accountability agreements; strategies for enforcement of existing health and safety law; developing of training and education resources; and a strategy for mental health patients.

Violent attacks on nurses in London, as you heard, have exploded from 18 in 2013 to 360 in 2014 and already, this far in 2015, 34 assaults.

Nurses have suffered critical injuries from violent attacks at the Centre for Addiction and Mental Health here in Toronto, and in Ottawa and Brockville. We've had reports of hundreds of attacks on nurses in major hospitals this year alone, attacks that have left our nurses with head injuries and broken bones.

Violence against nurses is not okay; it's not part of the job, and we believe the Ministers of Health and Labour must act now. Ontario must and can do better.

Thank you very much for your time and attention. I know you have a copy of our submission, and we're happy to answer questions.

The Chair (Ms. Soo Wong): Thank you very much.

Ms. Fife, you may begin your questioning.

Ms. Catherine Fife: Thank you very much. I must say, your members across the province have done an excellent job of bringing the lived experiences of being a nurse in a hospital to this committee, so thank you for that.

I just want to touch on a couple of issues; there's so much. We've heard this across the province, that RNs are being replaced with unregulated staff. Who are those people? Who are the unregulated staff?

Ms. Vicki McKenna: It does vary from organization to organization. We're talking about our acute care hospitals in particular—where we have the gravest concern—where more complex and seriously ill people are.

There is room for all of us in the health care system. However, in the acute care centres, where we're having, quite frankly, less-qualified, unregulated health care providers—in acute care settings, where patient conditions are very complex—this is not a good fit. This is where we're running into safety issues; this is where we're running into problems where we believe patients are at risk.

1340

Ms. Catherine Fife: Okay. To go back to the hospital setting just for a moment, if this government freezes funding for hospitals for the fourth year in a row—they bragged about holding the line on it, but it's essentially a cut because it's not meeting up to the cost of living—what will that mean for your members in the hospitals across the province?

Ms. Vicki McKenna: I believe it will mean the same as it has meant for the last three years: that the budgets are going to be balanced on the backs of the nurses. In fact, what it will mean is reduced registered nursing care at the bedside of patients.

We know what the research shows. We know that patients do better, don't stay as long in hospital, have fewer complications, and the mortality rates are lower. The research is clear. I just don't get why this is such a difficult concept.

Ms. Catherine Fife: Okay. This Saturday is actually the deadline for the home care panel to report back to the Ministry of Health. Of course, you represent care coordinators in at least 10 CCACs across the province.

Ms. Vicki McKenna: Yes, we do.

Ms. Catherine Fife: Would you agree that greater direct public home care delivery through the CCACs would allow improvement and continuity of care for patients? And can you address the gap in funding, or what you're seeing first-hand around that?

Ms. Vicki McKenna: Right. What I do know from care coordinators and the group that we both recently have been very closely dealing with in regard to their labour issues—they do describe that they believe that would be true if they had more direct care providers under the umbrella and employment of CCACs. They believe continuity would improve.

They know their home care agencies are doing the best they can. However, they believe they're limited, and that the training, qualifications and quality would all improve if they were under one umbrella.

Ms. Catherine Fife: Thank you. One final question: Around the violence against nurses in our hospitals—because it has been in the media; it's coming to a head—can you share your thoughts on the gravity of the situation for nurses in our hospitals?

Ms. Vicki McKenna: It is very difficult. We believe every one of those assaults has been preventable and that if we had adequate enforcement, staffing and supports and training—if there were actual attention paid to this serious, serious issue—the overcrowding is causing increasingly difficult situations for patients as well. This is about not just the nurses; this is about the patients. They are there because they need support and assistance. They come to hospital for care, and they are there because they're not able to manage. We aren't providing the numbers of staff and the support needed for them to be cared for in a safe and holistic environment.

The nurses are going to work every day. They're not saying, "I'm not going in." They are going every day. But they are saying to me, "This is not right, and it's not acceptable that I go every day and I'm worried if I'm going get hurt, injured or if I'm going to go home to my family tonight."

Ms. Catherine Fife: Sure. Thank you very much, Vicki—

The Chair (Ms. Soo Wong): Thank you very much, Ms. McKenna.

ONTARIO CHIROPRACTIC ASSOCIATION

The Chair (Ms. Soo Wong): The next group coming before us is the Ontario Chiropractic Association. I believe it's Bob Haig, the chief executive officer. You're bringing one of your colleagues as well, Mr. Haig?

Dr. Bob Haig: Yes.

The Chair (Ms. Soo Wong): As you've heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be coming from the government side.

Please identify yourself, and the position you hold with your association, for both yourself and your colleague. Thank you.

Dr. Bob Haig: Thank you. Ladies and gentlemen, my name is Dr. Bob Haig. I'm the CEO of the Ontario Chiropractic Association. With me is Val Carter, who is the director of external relations for the Ontario Chiropractic Association.

I know that you've heard from a number of chiropractors around the province, so my first goal is to be done in less than 10 minutes.

Ontario's Action Plan for Health Care identified the importance of improved quality of care, increased access, and better value for money as fundamental to a high-performing, patient-centred, sustainable health care system. Key in the action plan is the commitment to ensuring Ontarians have access to the right care at the right time in the right place. As the government continues to transform the health care system while at the same time finding ways to reduce costs, chiropractors can help.

Low back pain is identified by the government as a particularly pervasive and costly condition. Up to 80% of the population experiences low back pain at least once in their lifetime. In 2012, nearly one in five Ontarians reported having chronic back problems.

The Public Health Agency of Canada found that, in 2008, the direct costs—that hospital, drug and physician costs—related to low back pain in Ontario amounted to more than $390 million.

In 2013, the Ontario Workplace Safety and Insurance Board reported that over the previous 10 years, low back pain was the leading body part injured and accounted for something like 18% of total claims. So there's significant reduced productivity as a result of low back pain that has a significant impact on Ontario's economy.

It's very common for patients with back pain to be referred to a spine surgeon, which contributes in part to the long wait-lists for spine surgeons. Over 90% of the people who get that referral are actually not surgical candidates and should never have been there in the first place. It has an impact on system performance and system costs, but it also has a significant impact on that patient, who, after eight or nine or 10 months, simply gets referred back to where they started, to their family physician. There's a huge opportunity to have an impact on how that system works.

In recognizing this, the government introduced a Low Back Pain Strategy in 2012. Included in that are two separate pilot projects that I want to touch on briefly. The first one is called ISAEC, or the Inter-professional Spine Assessment and Education Clinic pilot. It's led by UHN and has been operating since November 2012 at three sites in Ontario: Hamilton, Thunder Bay and Toronto.

As part of ISAEC, chiropractors and physiotherapists provide assessment, education and evidence-based treatment plans to low back pain patients who have been referred by their primary care provider, physicians or nurse practitioners.

ISAEC is generating some very positive results, including a significant reduction in referrals to spine surgeons and a significant reduction in avoidable diagnostics, in particular, MRIs. That's saving the health system significant money. The Minister of Health recently pegged that at $15 million so far from these three small pilots.

The Primary Care Low Back Pain Pilot is the second one. This is embedded right in the primary care system, so it's different from ISAEC, which are stand-alone facilities. This was announced just in fall 2013. The minister released an RFP to all interprofessional health care teams in Ontario—that's family health teams, community health centres, aboriginal health access centres and nurse-practitioner-led clinics—inviting them to apply for funding to put low back pain programs in place. Those programs specifically are to include allied health professionals: chiropractors, physiotherapists and others. We know that chiropractors are playing a very prominent role in those. The ministry has now selected seven sites, and those are about to become functional in the next little while.

At the same time that that happened, the government also changed policy to provide for family health teams, CHCs and other interprofessional teams to hire chiropractors on either a salaried or sessional basis. That obviously will help to improve the management of musculoskeletal conditions, of which low back pain is a very large and important subset.

While the policy will serve to improve low back pain in these interprofessional settings, it will have an even broader impact, as primary care teams can now hire chiropractors to support musculoskeletal care that is wide-ranging, including neck pain, shoulder injuries, hips, knees and other things.

Recognizing the challenges that they face in treating low back pain, there were more than 100 of the interprofessional primary care teams that responded to that RFP. It was a short turnaround time on the RFP, and I think everybody was taken by surprise that there was such a need identified among these primary health care teams for these kinds of programs and for the inclusion of low back pain experts like chiropractors and physiotherapists.

What we're suggesting, and what we're hoping, is to have the government remain committed to improving low back pain patient care. Specifically, even though there has been a policy change, we recommend that there needs to be some funding to allow primary care teams to

hire chiropractors and others in order to put these programs in place.

1350

Secondly, it's important that as the results of those pilots—the ISAEC pilot and the primary care low back pain pilot—are coming in, it's going to be necessary to have some funding in order to roll out something province-wide so that it's not just these very limited sites, but in fact the principle that is having such an impact for patients and on system costs and system sustainability can actually be pervasive throughout the system.

Those are the two things that we're specifically recommending.

Given chiropractors' expertise in the musculoskeletal system, chiropractors are well-positioned to play a leadership role in helping patients manage low back pain, increase physical function, improve their health outcomes and to do this as part of teams and reduce the costly and unnecessary referrals to diagnostic imaging and to other, more expensive medical consultants.

Greater cost reductions can be found from a relatively small investment in making the system function better for that important cohort of patients.

Thank you, and we're happy to answer any questions you have.

The Chair (Ms. Soo Wong): Thank you very much for your presentation. I have Mr. Milczyn coming to ask you some questions.

Mr. Peter Z. Milczyn: Thank you, Dr. Haig, for your very good presentation—a lot of information. Certainly, as a long-standing patient of a great chiropractor, I can attest to the value that it provides as a profession.

I was very interested in your assessment of the programs that this government has rolled out and how they're beginning to function. The first one, the interprofessional spine assessment and education clinics: That's really ground-breaking that you get medical doctors, chiropractors and other health professionals working together. So your assessment is that that is working well and we're ready to start expanding on that.

Dr. Bob Haig: If I could just take a minute. There has been a growing recognition internationally about the specialized expertise of chiropractors and others in this particular area. That has come together with the very clear need to reduce wait-times for medical specialists—spine surgeons, in this case. So the concept of using chiropractors and advanced-practice physiotherapists in an assessment and triage role makes complete sense. That's well accepted in a lot of different places.

The ISAEC model specifically does that. It's quite a structured protocol and it is producing absolutely good results. The primary care low back pain one is a little bit different because you'll have different models that individual primary health care teams have put together based on their specific patient populations. There are other programs; what's going to work for them in their communities? Whereas the ISAEC program is primarily associated with a spine surgical centre. So they are different models. They both are showing great promise. They will both have the impact of saving money, improving patient experience and reducing the wait-time for those patients who actually need to get to a surgeon.

Mr. Peter Z. Milczyn: The ISAEC model relieves pressure on much higher-cost medical procedures. The other, the lower back pain strategy, is a more community-based approach to providing health care.

Dr. Bob Haig: The function of the two is very similar. The ISAEC was set up—part of the original concept was to triage patients who were already on the spine surgeon's wait-list. The function of this triage and assessment role is the right thing to do and it can be done in a different place. It may be that the ISAEC model is ideal as a regional model and that the primary care model is more of a local model. But the principle of using people like chiropractors more effectively within their scope of practice as part of that continuum of care is what's identical in the two of them.

Mr. Peter Z. Milczyn: And it reduces costs on the health care system and provides a broader approach to providing the health care supports and services that people need.

Dr. Bob Haig: A broader approach to care: It streams people to the right place for care. I hate to use the word "efficient," but it is a more efficient way for the system to treat these patients. But it's much better for the patient, obviously, because they end up at the right place sooner.

Mr. Peter Z. Milczyn: Your ask is that this more community-based approach be expanded.

Dr. Bob Haig: What I'm asking is that, once both of these pilots are done, the government be in a position to act on them so that patients and the system and health care teams across the province are able to incorporate programs like this. We understand the financial difficulties that exist; we understand the challenges that the government faces in putting new programs in place or putting any programs in place at this time. We're saying that this is one that will have a significant payoff for a relatively small investment.

The Chair (Ms. Soo Wong): Thank you very much, Dr. Haig, for your presentation and your written submission.

TRILLIUM AUTOMOBILE DEALERS ASSOCIATION

The Chair (Ms. Soo Wong): The next group coming before us is the Trillium Automobile Dealers Association: Mr. Frank Notte. Mr. Notte, come on down and join us. Good afternoon. As you heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be from the official opposition party.

You may begin at any time. Please identify yourself and your position with your association for the purpose of Hansard. Thank you.

Mr. Frank Notte: Thank you. My name is Frank Notte, and I'm the director of government relations for the Trillium Automobile Dealers Association. Since

1908, our association has been the voice of Ontario's new car dealers. We represent one third of all new car dealers in Canada, who in turn sell approximately 40% of all new cars nationwide.

The auto sector is the backbone of Ontario's economy. Five automobile manufacturers, 700 parts suppliers and 500 tool, die and mould makers call Ontario home. Those numbers are impressive. Many sub-national governments in the world would look at those statistics with much envy.

From the 2008 rescue package to ongoing funding for research and development, the province has assisted the manufacturing side of the auto sector. But Ontario's auto sector policy comes up short after the vehicles leave the assembly plant. Too often, the retail side of the auto sector is an afterthought among provincial policy-makers. It's time to change that mindset.

More coordination is required at Queen's Park to include both manufacturing and retail when developing auto policy. Provincial policy must recognize that new car dealers and their employees play a key role in the auto sector and greatly contribute to the provincial and local economy. Our dealers employ 49,000 people; that's the same size as the city of Belleville. They also generate $29 billion annually in economic activity. Auto dealers and their employees are quite literally where the rubber hits the road.

Ontario's support for the auto sector can't stop at manufacturing. Job creators like new car dealers need to be supported, and the auto sector's customers—car owners and drivers—need a provincial government that recognizes that driving a car is a necessity for the vast majority of Ontarians. We estimate that 90% of Ontarians over 18 years of age have a driver's licence. That is how they get to work or school, pick up groceries or bring their children to activities.

Our first recommendation for budget 2015 is to increase consumer protection by regulating advertising placed by automobile manufacturers. In 2010, the Motor Vehicle Dealers Act, or MVDA, was updated and established the strongest vehicle-buying rights in Canada. One major reform included changes to advertising regulations, including better disclosure requirements and so-called all-in pricing.

All-in pricing means that dealers must include the freight charge, dealer preparation charge and other miscellaneous add-on fees in their advertising so the only additional monies the consumer should expect to pay is the HST. All-in pricing better informs the consumer and allows them to compare vehicle prices more easily across dealers and brands.

However, the Ontario government chose to exempt advertisements placed by manufacturers from the MVDA. In other words, advertising placed by manufacturers is not subject to any advertising regulations.

1400

On one hand, the government proudly celebrates the benefits of all-in pricing and other advertising regulations that increase consumer protection, but on the other hand, it decided to compromise consumer protection by creating one set of rules for dealers and another set of rules for manufacturers.

For example, look at the two ads that I handed out. They're attached to your package. One is placed by a manufacturer, and the other is a dealer ad. Both these ads appeared on the same day, in the same newspaper. Now ask yourself: Which price would you rather pay? I'm going to assume that you're going to want to pay the lower price. The reality is that you can't buy that car at the lower price because it excludes the mandatory charges. Because the manufacturer isn't required to include all costs, they can advertise a lower price, a price for which the consumer cannot buy that vehicle.

Now put yourself in the dealer's shoes. If a potential customer arrives in the showroom, shows you the manufacturer's ad and wants to purchase the vehicle, you are now forced to explain that manufacturers are exempted from the MVDA and that manufacturers don't have to advertise the all-in price. It's not a great starting point with a potential customer.

These two sets of rules create confusion in the marketplace. Quebec's all-in pricing rule applies to all consumer products, including vehicle manufacturers' ads.

Those who agree that some form of regulation is needed include the Ontario Motor Vehicle Industry Council, or OMVIC—that's Ontario's regulator of automobile dealerships and salespeople—the Used Car Dealers Association of Ontario and at least three consumer groups, including the Consumers Council of Canada.

Our second recommendation is to park the carbon tax. Dramatically increasing the cost of vehicle ownership and the cost of doing business for dealers and manufacturers is not supporting the auto sector. Again, the government's focus on the auto sector fails to realize the consumer and dealer component. Amazingly, gasoline is already taxed four separate times: the provincial and federal gas tax, and then the HST on top of that. Is adding a fifth tax really going to solve anything? The province can't claim to support the auto sector on one hand, then implement a carbon tax that would directly impact those who make, sell and use automobiles.

During the last election, Premier Wynne took an HST increase, gas tax increase and personal income tax increase off the table, citing that she didn't want to increase taxes on the middle class. We agree. Either a direct increase to the gas tax or a carbon tax that increases the cost of gasoline will net the same result. Middle-class families, most of whom rely on the family car, will be hit with a tax increase.

The National Post's Rex Murphy summed it up nicely when he said, "The fall in gasoline prices has worked a real miracle, done a thing neither government nor industry has had the will or means to do: It has given people who actually work for a living, those who have the low-paying jobs—the clerks and secretaries, teaching assistants, fresh graduates toiling as low- or no-wage interns, taxi drivers, maintenance men, janitors, those

waiting tables or clearing snow, fishermen and farmers—a break. De facto, the decline in the price of gasoline means a little bit of real money—finally—in the pockets of those who so very rarely have it."

Our third and final recommendation is to reform and start phasing out the Drive Clean program. Currently, a dealer must complete an emissions test prior to selling a used vehicle. This step does nothing to reduce pollution, especially if the automobile is still under the manufacturer's warranty or falls under Drive Clean's own seven-year exemption for newer models, It only adds frustration to dealers and consumers, wasting time and money.

Here is a real-life example. A dealer owns a 2014 model demo, and a consumer wishes to purchase it. This demo is six months old and has only been driven 5,000 kilometres—basically brand new. The vehicle is still covered under the manufacturer's warranty and, because of its age, would otherwise not require its first emissions test until the year 2021. However, since the vehicle was registered to the dealer previously, the vehicle is deemed to be used. Therefore an emissions test is required before selling the vehicle.

Even used vehicles that are three or four years of age must go through an emissions test before a dealer can sell it. Drive Clean's own rule says the vehicle should receive its first test after seven years of age. The question is, why are dealers wasting time and money to test a vehicle that even Drive Clean expects to pass with flying colours?

The province should not require a Drive Clean test on used vehicles under seven years of age, mirroring Drive Clean's own rule. Furthermore, the province should start making plans immediately to phase out Drive Clean, based on the 2012 Auditor General's report that found:

—vehicle emissions have declined significantly to the point that they are no longer among the major domestic contributors to smog in Ontario; and

—that 75% of the reduction in vehicle emissions was a result of better manufacturing standards and cleaner fuel, not Drive Clean.

That is why our association has taken the position to eliminate the Drive Clean program, as has been done in BC and a number of US states.

We hope the committee sees merit in these practical, no-cost solutions. I'm not here asking for any funding. These recommendations do not require any funding and will have a positive impact on consumer protection and the auto retail sector.

The Chair (Ms. Soo Wong): Thank you very much. Mr. Arnott, do you want to begin the questioning?

Mr. Ted Arnott: Excellent presentation. Thank you very much for coming today and offering your advice on behalf of your members at the Trillium Automobile Dealers Association.

Your first recommendation about advertising is something I wasn't aware of. It's fascinating that the government brought in that legislation five years ago and exempted the manufacturers. Do you know why they exempted the manufacturers?

Mr. Frank Notte: We've never gotten a clear answer.

Mr. Ted Arnott: Okay.

Mr. Frank Notte: I suspect that when the regulations were being developed—it was the time of the 2008-09 financial crisis, so there may have been some sensitivity towards that, but it still doesn't merit that there's one set of rules for dealers and—

Mr. Ted Arnott: But the two advertisements that you've included, that appeared in the Toronto Star on July 21, 2012, in the very same edition of the Saturday Star, clearly show us why there's a problem. I can only imagine how the dealer has to try to explain it. I certainly agree with you that this needs to be looked at. You're just asking for an amendment to the Motor Vehicle Dealers Act to accomplish that, I gather. Well done.

Mr. Fedeli is going to ask a question.

The Chair (Ms. Soo Wong): Mr. Fedeli, you have a question?

Mr. Victor Fedeli: Thank you very much. I wanted to talk about the carbon tax, Frank. In your document, on page 5, you say you were surprised to learn of the provincial government's intent to implement a carbon tax and that the plan was announced out of thin air, with no input from the auto sector or the electorate, and the fact that, "The Liberal Party made no mention of carbon taxes during the last provincial election just seven months ago." Specifically, what do you think this means for the 1,000 new car dealers?

Mr. Frank Notte: It will mean that their vehicles will be costly to run. It means that their consumers will now have to pay more out of their pocket for a necessity that they need to do. Not everybody can use public transit; not everybody can own a car. For the vast majority of people in Ontario, they need a car, so their basic, everyday life, their cost of living, is going to automatically increase if that happens.

Mr. Victor Fedeli: You haven't spoken directly about the pension tax that's coming as well. How do you feel that will affect—I'm not speculating that many of the car dealers in your network have pension programs existing, but if they don't and they don't have a defined benefit plan, they will be subject to this new tax. Can you talk about the impact of that, as well?

Mr. Frank Notte: Sure. Again, it all goes to that issue of increasing the cost of doing business, so automatically their payroll will increase because they're going to have to put more money into this fund—sorry, their payroll tax, as we call it, will make it more expensive to hire people, and that's not a good thing. So we're very concerned.

Again, it takes money out of the auto sector. Dealers create 49,000 jobs every year. We're worried that that number might go down if this happens. We've very concerned. We've stated our opposition to it. For those who do have a defined contribution plan, we have asked the province to reference that as comparable, so those who already have a workplace pension plan won't be affected by it.

Mr. Victor Fedeli: Have you seen from the government a cost-benefit analysis on either the carbon tax or the pension tax with respect to the auto sector?

Mr. Frank Notte: No, I haven't.

Mr. Victor Fedeli: Thank you, Chair.

The Chair (Ms. Soo Wong): Thank you very much. Thank you for your presentation and your written submission, sir.

1410

REGISTERED NURSES' ASSOCIATION OF ONTARIO

The Chair (Ms. Soo Wong): The next group coming before us is the Registered Nurses' Association of Ontario. I believe there's a group of you guys coming down. All right, come on down. Thank you, and welcome.

As you heard, you have 10 minutes for your presentation followed by five minutes of questioning from the committee members, and this round of questions will be from the third party. You may begin by identifying yourselves and your positions with the RNAO for the purposes of Hansard. Thank you.

Mr. Tim Lenartowych: Thank you, Madam Chair. My name is Tim Lenartowych. I'm the associate director of nursing and health policy with the Registered Nurses' Association of Ontario. With me is Kim Jarvi, our senior economist.

RNAO is the professional association representing registered nurses, nurse practitioners and nursing students in all settings and roles in Ontario. Our association takes pride in influencing public policy and we know that budgets profoundly affect people's health and nursing services.

Last year, the people of Ontario elected a government which promised to preserve and restore public services. Ontarians gave them a majority. Now, government must deliver.

We know from experience that during the 2008 recession, calls to boost spending to soften its blow helped to avoid a disastrous decline. There is no question that deficits and debts must be taken seriously. However, if we truly care about creating a just and fair society, the government must make policy and budget decisions that protect the most vulnerable and promote health. There must be a balance between revenues and expenses to build a healthy, sustainable and inclusive society.

Nurses say that we can deal with the fiscal deficit within a time frame that doesn't hurt the economy and that gets the mix of expenditures and revenues right. There is no reason for austerity in the current economic situation, including a very competitive Canadian dollar. The government should take advantage of low interest rates and invest in rebuilding the economy, and it should consider enhanced revenue measures, such as reducing tax avoidance, adding more green taxes, prices on carbon and surcharges on those better able to pay. All of these measures will help to reduce the deficit and restore fiscal capacity.

The government must also be wary of the temptation to sell off assets in exchange for a one-time cash infusion. At various times, Hydro One, Ontario Power Generation and the Liquor Control Board of Ontario have been mentioned as potentially on the block. We believe that the government has much more to lose if it goes down this road than it stands to gain, and nurses forcefully oppose such economic schemes.

One of the best ways we can get better value for money spent on health care is to make changes to the existing system. The Canada Health Act is a valuable tool to ensuring the delivery of health care to all. However, two services are missing. That includes drugs and home care.

We know that a national pharmacare system would improve Canadians' health and save billions of dollars each year. There is public support for this, and we're pleased that the health minister, Eric Hoskins, is supportive of this and has called on his counterparts to make pharmacare a reality. However, we believe that Ontario should lead the way and launch a universal and comprehensive pharmacare program and set the course for change, a program that does not include co-payments, means testing or user fees.

We also know that people age better at home and it's less expensive to the system. While the government has invested in home care, the time has come to ensure that home care is seen as part of the health system, not just an extension of it. Our warning to government is to ensure that a universal home care program does not include co-payments, means testing or user fees. We caution you about this because we see evidence of creeping privatization within our system. Hospitals and health care organizations are grappling with tighter budgets. That's why we see medical tourism as a serious concern.

Medical tourism is the sale of health care, at a profit, to people who travel to Ontario from abroad to get quicker or less costly access to health services. We know that medical tourism has occurred in Ontario and are in staunch opposition to it. Put simply, health care is not a commodity to be bought or sold. We were heartened last November when the Minister of Health asked all hospitals to stop soliciting and treating international patients, with the exception of humanitarian work and any activities related to existing contracts. While happy with these steps, we need to outlaw the practice, and this is why RNAO strongly urges a complete ban on medical tourism through legislation. When this happens, nurses will stand with you and applaud.

RNAO agrees that changes are needed to make our publicly funded and not-for-profit health system more responsive. First, we need to anchor the system within primary care. We can achieve this by adopting a road map that we laid out in our Enhancing Community Care for Ontarians model. If every Ontarian had access to comprehensive, interprofessional primary care, where all of their providers worked to full scope, we would have a much more effective and efficient system.

Second, we feel that the mandate of the LHINs should be expanded to include funding and planning accountability for all sectors, including home care, primary care and public health. We also believe that the functions of

community care access centres should be integrated into other areas of the system. This means transitioning the 3,500 care coordinators into primary care to support Ontarians with the most complex needs. This can happen through a well-thought-out labour strategy that maintains compensation and benefits. The end goal would be to position primary care as the coordinating hub for people's care and save nearly $200 million annually in administrative expenses.

Third, nurse practitioners must play a bigger role so that they can enhance timely care for residents in long-term care. That's why we want to see one nurse practitioner per 120 residents within long-term care. As a first step, the Minister of Health and Long-Term Care announced funding for 75 nurse practitioner positions in long-term care. However, it's now a year later, and long-term-care homes are still waiting for funding release, and no NPs have been hired. The government cannot delay any longer.

The government also needs to consider the public's access to registered nurses. We all know that in the 1990s, there were significant layoffs, stagnant growth and falling employment. Successive governments have reversed the downward trend. However, the past few years have been concerning. Today, Ontario has the second-lowest RN-to-population ratio in Canada. We need over 17,000 more registered nurses to meet the national average. We also need more nurses to be working full-time. We urge the government to continue its pursuit of having 70% of nurses working full-time in the province.

Ontario's nurses also want to fully utilize their knowledge and skill. It only makes sense to expand the role of the RN to include better access to care. Prescribing medications, ordering diagnostic tests and communicating a diagnosis are just some of the ways that patient care can be improved. In 2013, Premier Wynne announced at RNAO's annual meeting that her government is committed to expanding the role of RNs. RN prescribing was also made a public campaign promise in 2014. We've heard little since then, and it is imperative that the government move forward with legislative and regulatory amendments to authorize RN prescribing.

Income is also important to nurses, and they are seeking equitable compensation. We need to ensure that the wages for registered nurses and nurse practitioners across sectors are fair. Right now, this is not the case. In fact, current wage differentials act as a disincentive to those who want to work in the community sector.

Here is one example: Primary care nurse practitioners earn as much as $20,000 less annually than their counterparts who work in hospitals or CCACs. That is why one in five nurse practitioner positions in the community is vacant.

Nurses also know that health and well-being are shaped by many forces around them. That is why more attention is needed when it comes to poverty. We were pleased when the Deputy Premier released the government's renewed poverty reduction strategy, but more is needed. It must be strengthened by releasing a detailed implementation plan, complete with targets and timelines, accompanied by substantive public investment.

We know that there was a particularly icy cold snap earlier this month, and, sadly, we lost the lives of four homeless individuals within Toronto. This brought into stark focus the link between access to safe, affordable housing and health. Therefore, we call on the government to invest 1% of its budget to address the backlog of existing affordable housing units in need of repair and to create new affordable housing stock.

We also request that the government raise dangerously low social assistance rates to reflect the actual cost of living by setting up an expert panel that includes people with lived experience. Also, the minimum wage must be increased. While nurses applaud the increases that have been made, $11 an hour still leaves the recipient 16% below the poverty line. A $14 minimum wage is the path out of poverty.

Lastly, nurses know that environmental determinants of health play a huge role in the overall health and well-being of individuals and their communities. Breathing clean air, living in a safe environment free of toxics and having sustainable forms of electricity and transit not only help us and our children, but they help our planet.

Therefore, we urge the government to set ambitious toxics reduction targets and ensure that people have the right to know about the existence of toxics in their environment. We also urge the government to regulate the use of neonicotinoids in agriculture to achieve a 15% over-winter honey bee mortality rate reduction by 2020 as a first step towards a complete ban. We also call on the government to minimize the energy footprint by focusing on conservation and energy efficiency, and increasing reliance on renewable energy. Lastly, take all necessary steps to ensure that there are sufficient dedicated revenue sources to pay for a substantial expansion of transit and active transportation, and to support cost-effective and expeditious delivery of those expansions.

In closing, we thank the standing committee for this opportunity. RNAO continues to look forward to partnering with policy- and decision-makers in the year ahead. Our recommendations today have covered a wide spectrum and we urge you to consider them. Thank you.

1420

The Chair (Ms. Soo Wong): Thank you very much. Ms. Fife, do you want to begin the questioning?

Ms. Catherine Fife: Thank you very much, Tim, for a comprehensive presentation, and Kim, for being here from an economic perspective.

I'm happy that you raised the creeping privatization of health care in your presentation because we see it actually as a little bit more than creeping. We see it as very aggressive. And thank you to the RNAO for raising the issue of medical tourism, because you exposed that practice for what it was in the province of Ontario. We share your concern. We want to see it completely outlawed.

To that end, you're paying attention to where the dollars are going. The Auditor General came out with a

report about P3s. It's a huge number—it's almost too big of a number for people to grapple—but on health care specifically, we see that 27 P3 hospitals have been built. Eight are currently under construction, 12 are currently in the process of selecting P3 contractors, and overall the auditor said that the tangible costs of these P3 projects were almost $8 billion.

The value-for-money audit—as an economist, you would appreciate the fact that even the companies that were doing the audits couldn't verify the numbers. So you can't say that it's a fair value-for-money audit.

We're seeing health care dollars squeezed. The pressure on health care dollars is profound. How frustrating is it for your association, when you understand the full holistic issue of health care, to see this government prioritizing this P3 model over patient care?

Mr. Kim Jarvi: We're calling for them to halt any new P3s.

Ms. Catherine Fife: Are you calling for a moratorium?

Mr. Kim Jarvi: A moratorium on P3s.

Ms. Catherine Fife: Excellent.

Mr. Kim Jarvi: We've been calling for that for a while. The very problems that the auditor revealed in the 2014 report were well known. It was reported on in 2008, and the CCPA—there's actually a doc that I helped them to do—

Ms. Catherine Fife: Kim, how do you justify it? The government has never turned their back on a report like this before. It's unprecedented. And $8 billion? This government needs $8 billion. Health care needs $8 billion. Can you shed some light on it?

Mr. Kim Jarvi: Well, we hope that they review their practice. The evidence, I think, is there. The auditor is your friend, so we do welcome the report that confirms what others had said about P3s. It's a way of getting capital expenditures off the books in the short run, but it's very costly because it costs more to borrow the money and they're complex deals that, in the end, don't serve the taxpayer—

Ms. Catherine Fife: So it's off the books and the risk is put someplace else, but really, we're still paying for it, right?

Mr. Kim Jarvi: And you assume the risk.

Ms. Catherine Fife: And we assume the risk. Yes, the risk gets transferred to the individuals.

You say in your report that you would like the government to address the reduction of infrastructure duplication. Can you please expand on that?

Mr. Tim Lenartowych: Absolutely. Right now, there is significant duplication that exists between the community care access centres and other areas of the health care system. We feel that primary care is optimally situated to be the anchor of the system and to optimize patient care journeys throughout the system. However, right now we have a community care access model that exceeds almost $200 million annually in administrative costs. Meanwhile, our members are coming forward to us with headlines about community care access centres regularly cutting service, which is very concerning to us. So if we can see a shift of the functions of community care access centres, which are very important, into existing areas of the health care system, we could see a significant amount of savings that can be reinvested into direct—

Ms. Catherine Fife: Direct care.

Mr. Tim Lenartowych: —service delivery. That's correct.

Ms. Catherine Fife: So you've been tracking those numbers, because we've been trying to track those numbers as well, especially around the CCACs, about the growing management and admin lines verses the front-line care.

Anything else that you'd like to add? I think you have a minute—

The Chair (Ms. Soo Wong): One minute.

Ms. Catherine Fife: One minute?

Mr. Tim Lenartowych: Sure. When we're looking at how we can maximize the effectiveness of the system, really, let's look at the role of the registered nurse. We have a workforce that is significant. We're the largest regulated health workforce in the province. Nurses have the knowledge and skill, and they want to be able to do more.

We're urging the government to maintain and implement its promise to expand the role of the registered nurse to include prescribing. This will significantly improve access to care for Ontarians. It will enable same-day access to primary care while also being highly efficient for the system.

Ms. Catherine Fife: Okay. Thank you very much for your presentation.

The Chair (Ms. Soo Wong): All right. Thank you very much, gentlemen, for your presentation and your written submission.

ONTARIO COMMUNITY SUPPORT ASSOCIATION

The Chair (Ms. Soo Wong): The next group coming before us is the Ontario Community Support Association: Deborah Simon, the chief executive officer. Good afternoon, ladies. It's very appropriate: you've got the RNAO and now you've got the Ontario Community Support Association. Ladies, can you please identify yourselves and your positions—oh, so it's just yourself; okay. I thought both of you were coming up. If you can identify yourself and your position with the association for the purpose of Hansard, you have 10 minutes for your presentation, followed by five minutes of questioning from the government side this round. Welcome.

Ms. Deborah Simon: Thank you. My name is Deborah Simon. I'm the CEO of the Ontario Community Support Association. I want to thank you for this opportunity to appear before this committee and to provide the perspective of the Ontario Community Support Association—I'll start using the acronym OCSA—and the not-for-profit home and community sector for the 2015 Ontario budget.

For those of you not as familiar with our organization, allow me to tell you a bit about us. We are the voice of the home and community support sector. Across the province each year, more than a million people receive home care and community support services such as in-home nursing, therapy and personal support, Meals on Wheels, adult/Alzheimer day programs, transportation to medical appointments, respite for family caregivers, supportive housing, and attendant care services for persons with disabilities. These services are important, cost-effective measures that prevent unnecessary hospitalizations, emergency department visits and premature institutionalization.

OCSA is the provincial association for 290 home and community support service providers who deliver services through an estimated 525 locations across the province. We are conscious of the government's health care objectives to efficiently deliver quality health services and help prevent people from getting sick or requiring acute care. These are the objectives of the home and community support sector.

We all realize that with an aging population and chronic diseases becoming more prevalent, providing care the way people want it is becoming more challenging and more expensive. Therefore, we all must be as innovative and efficient as possible. A progressive, modern health care system keeps people healthy and as independent as possible while remaining in their homes and connected to their communities. We know that home and community support works because it offers local, flexible solutions.

Investing in home and community care frees up hospital beds and unclogs emergency departments. It also decreases long-term-care home placements and long-term hospitalizations, both at lower costs to the health care system. Just as importantly, remaining at home as we age is where we want to be.

With higher-acuity clients and more demand for services, there is a need for increased funding for programs as well as the administrative support that it takes to run these programs. Many of our member organizations are slowly starving financially because of inadequate funding for overhead and administration.

People are leaving hospital earlier than ever, creating a huge demand on home and community support services, and are requiring a level of care that is quite high. Investments in the home and community care sector now will reduce overall costs to the system by ensuring people receive the right care at the right time and in the right place, but community support services help maintain people's health and, in many cases, ensure that they do not have to enter the acute care system.

Over the last year, OCSA, through its pilot project the Quality Advantage, has generated momentum for change and has taken significant steps toward building quality improvement capability in the CSS sector. Investments in the sector help drive this change and support system leaders.

We recommend a continuation of the government's planned 5% increases to the community sector. While we applaud the government for its investment in the community care sector over the last number of years and recognize that these increases are not common, we would like to keep that going, and we recognize that other parts of the system such as hospitals are being held at zero.

We ask that how this increase is shared with CSS providers is looked at to ensure a fair proportion of these funds go to CSS providers and not just to CCACs. While CCACs and CSS providers work well together, there needs to be appropriate support and investment in both.

Dedicating 1.5% of the above funding to address the base funding infrastructure shortfall: This funding would be sufficiently flexible to allow agencies to invest in new technological, human resource or physical infrastructure, as well as administrative support for new programs. We ask that 15% be added to the program funding to cover the cost of administering those programs.

1430

Investment in technology to support the rollout and full implementation of common assessment tools—electronic medical records across all parts of the health care system are rolling out, and the development of a coordinated care tool is needed. We have to have a consistent hardware standard in community support services that will enable the tracking and analyzing of data and client outcomes.

Continued support for the quality advantage project—our goal is to build further quality improvement capability in the CSS sector so it will be ready to meet the requirements of the Excellent Care for All Act but will also embrace and lead the government's transformation agenda of shifting health care from institutions to the community.

The government announced a wage increase for home and community personal support workers in 2014. While the intention of bringing up the wage for some of the lowest-paid and most depended-on workers in the health care system was admirable, there have been many implementation challenges.

While CSS providers are doing the right thing and providing this increase to staff, they are being left to make very difficult decisions on how to bridge the funding gap. Reductions in service and staff layoffs are the reality of the repercussions of this wage enhancement. It is critical that the government move swiftly to address these shortfalls for the current fiscal year and the ongoing years.

We recommend:

—that the government re-establish the PSW wage enhancement implementation table, a stakeholder working group that was originally created to help the implementation challenges for years 2 and 3 of the funding;

—acknowledgment from the ministry that there are PSWs who provide care in the home and community sector who are currently not receiving the wage enhancement due to historical funding anomalies for particular functional centres. For example, two PSWs working in supportive housing units receiving different pay rates—one receives a wage enhancement; the other does not,

based on how the program is funded. This is causing a lot of trouble with human resources: retention and recruitment; and

—a further analysis of unmet costs to employers in the implementation of this wage enhancement. We thank the government for addressing the gap in the funding statutory benefit costs but acknowledge there is still more to be funded: travel time, vacation time and sick time are just examples.

With the growing demand for services and the higher acuity of clients, wait-lists for services are growing, and clients have higher acuity care needs. If the transformation of health care that champions the shift from care in institutions to the community is going to work, home and community support providers need to have the infrastructure and the resources to meet that growing demand.

Currently, wait-lists for services are growing across the province, resulting in fewer people receiving care when they need it, or those who are a higher level of support not receiving it.

While many equate the home and community support sector with services for seniors, it's important to acknowledge that many OCSA members also provide services for people with disabilities. These attendant services make a critical difference in supporting families in keeping members with disabilities at home or in supportive housing. That being said, there is a need for expanded attendant outreach services regardless of the client's age. Wait-lists for this service are growing, and since people are on service for a long period of time, there is not a lot of turnover on the wait-lists.

Attendant outreach services is a perfect example of how community support services help with health promotion and independence with the majority of these clients not having to use the acute care system or emergency departments.

We recommend providing specific resources to address wait-lists and projected future demand for attendant outreach services, regardless of client age, and a continuation of the government's planned 5% increase to the community sector to help address these wait-lists.

The not-for-profit sector will see a major change in leadership over the next decade, which will increase the need for individual, organizational and community leadership capacity. Consideration should be given to the creation of a sustainable community development model, which would help recruit, train and support interconnected regional leadership teams in underserved areas, establish cross-sectoral networks that build the capacity of community not-for-profit organizations and foster the growth of new leadership in community health.

Additionally, volunteers across Canada contribute 2.1 billion hours annually, the equivalent of 1.1 million full-time jobs. A targeted investment to ensure the community support sector can continue to have volunteers support the health care system will be important for the sustainability of community support services.

We recommend the creation of leadership development provided through courses, workshops and coaching—

The Chair (Ms. Soo Wong): Ms. Simon, can you wrap up your presentation, please?

Ms. Deborah Simon: Yes, absolutely.

In summary, the thesis of supporting new funds in the sector remains true, and is particularly relevant in the context of our budget recommendations. Investing in home and community services now will save the provincial government money and will improve the health of Ontarians. Our clients know how important community care services are to maintaining their independence and quality of life, and they want greater access to these services.

Thank you for the opportunity to provide feedback on the budget. I'd be pleased to clarify any issues or respond to any questions.

The Chair (Ms. Soo Wong): Thank you, Ms. Simon. This round of questioning will begin with Mrs. Martins.

Mrs. Cristina Martins: Thank you, Madam Chair, and thank you, Ms. Simon, for being here today and presenting your request. I wanted to start off by thanking you, as well, in terms of representing your association and being here today. I know you're an association that provides a lot of support to the various organizations around our province that in turn provide a multitude of services to people in the community, so I wanted to thank you for that.

We heard from you and from previous presenters here this afternoon about the importance of keeping our patients at home, keeping people at home to receive various services. I know, as somebody who represents a riding—the riding of Davenport—which has a large senior population, an aging population and various ethnic groups in which long-term care is not necessarily an option or a solution, that having the patient at home longer, receiving that type of care, being in the community and having that family around is very important, so I wanted to thank you for that.

You correctly stated that one of the commitments from our government in our budget was to in fact increase the personal support worker wage to $14 an hour, which is what we did. We're very proud of that, and I know that we have provided continuous funding and have increased our funding over the years to your association. I just wanted to know what kind of impact that increase of funding has had on the community care service providers that you also service.

Ms. Deborah Simon: I had an opportunity to tell you a little bit about the Quality Advantage. This is funding that we receive to increase the capability and capacity of the community support sector to be able to do quality improvement processes within their organizations. It has been absolutely amazing to see not only just the inspiring growth of some of these organizations—and it's not all about size; some of these are very small organizations—but also to show and to demonstrate that this sector is fully capable of helping the transformation and supporting the care transition from acute care out into the community. We can demonstrate that through quality processes and evidence-based processes.

This money has been instrumental, and we're coming back for more. We have asked for a very small increase, to be able to bridge a sustainability plan from now until perhaps a time when it can be moved over to Health Quality Ontario. It has been phenomenal.

Mrs. Cristina Martins: Excellent. And I know that we've continued to invest in the sector, and there have been commitments from the Ministry of Health. Over time, how can we leverage Ontario's existing investments to continue to support the home and community care sector?

Ms. Deborah Simon: I think that's a wonderful question. We've been very appreciative. The OCSA has been housing the PSW registry in Ontario, funded through the ministry, and we have over 30,000 registered personal support workers in that registry. We are in a renewal process right now—so continued support for that registry. The health force in Ontario of personal support workers is estimated at about 100,000. It's a significantly large workforce that will have an absolute impact on the ability for us to transition care out of acute care and into the community, so we really applaud that support and want to see continued funding in that area.

Mrs. Cristina Martins: I don't have any other questions. I just wanted to thank you once again for being here and sharing your experience.

Ms. Deborah Simon: Thank you so much. I appreciate that.

The Chair (Ms. Soo Wong): Thank you very much, Ms. Simon, for your presentation and your written submission.

CANADIAN MANUFACTURERS AND EXPORTERS

The Chair (Ms. Soo Wong): The next group coming before us is Canadian Manufacturers and Exporters. I believe Mr. Howcroft and his colleagues are coming up. Good afternoon, sir.

Mr. Ian Howcroft: Good afternoon.

The Chair (Ms. Soo Wong): As you heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be from the official opposition party. You may begin any time. Please identify yourselves and your positions for the purposes of Hansard. Thank you.

1440

Mr. Ian Howcroft: Thank you very much and good afternoon, everyone. My name is Ian Howcroft and I am vice-president of the Canadian Manufacturers and Exporters, Ontario division. With me is Paul Clipsham, Ontario division director of policy.

Canadian Manufacturers and Exporters is the country's leading trade and industry association, the voice of manufacturing and global business across the country. We represent approximately 10,000 leading companies, of which more than 85% are small and medium-sized enterprises. Our network accounts for about 82% of the province's total manufacturing production output and is responsible for about 90% of the province's and the country's exports.

Manufacturing adds more total value to the Ontario economy than it does in any other province. Every dollar of manufacturing output generates billions of dollars in indirect impacts elsewhere in the province. No other sector generates as much secondary economic activity.

Our manufacturing sector has underperformed the national average since the early 2000s. However, there are emerging signs of a recovery, which means an excellent opportunity for our manufacturers. We have made strong gains in the first half of 2014, and monthly sales have finally surpassed the pre-recession peak. The manufacturing and exporting sector continues to be the province's largest business sector, with approximately $275 billion in annual shipments, and is responsible for about 800,000 direct jobs. Most of these jobs are highly skilled and highly paid, far higher than the national or provincial average.

Another 1.2 million individuals are indirectly employed and dependent on manufacturing. Every dollar invested in manufacturing generates about $4 in total economic activity, which is the highest multiplier of any major sector. Manufacturing and exporting is on the cutting edge of Ontario innovation. Our sector accounts for 54% of all private sector R&D and about 80% of all products that are commercialized in Ontario.

Manufacturers and exporters are generally optimistic about the future. However, there are a number of key challenges that persist which are threatening this favourable outlook. CME's recently released management issues survey highlighted a number of pressing challenges that are constraining growth. These cover things such as skills, regulatory barriers, and the cost and reliability of electricity.

Ontario has made progress in improving the tax environment for manufacturing investment, including the reductions to corporate tax rates, accelerated appreciation for M&P equipment, the elimination of the capital tax, and the introduction of a harmonized sales tax. With respect to corporate tax rates, Ontario is now on par with the OECD average at 25% combined, federal and provincial. However, these positive measures have been offset by other factors that are contributing to Ontario manufacturers' lagging growth when compared to other parts of the country.

Meanwhile, the recent drop in the value of the Canadian dollar is likely to provide a boost to our exports in the near term. Given the recent volatility, it will be critical for manufacturers to remain vigilant on containing costs, improving productivity and working to continuously improve innovation. While a low dollar will benefit exports, it will also make the purchase of new equipment more expensive and more challenging, since most is priced in US dollars.

The harsh lesson from the previous low-dollar environment in the 1990s and early 2000s is that many companies underinvested in equipment, and it made those companies less competitive. Many companies went

out of business or had to move operations to the United States as a result. Sustained investments in productive assets, innovation and the necessary training will be the key to success in the future for manufacturing.

Government can and must play an important role in supporting manufacturing throughout the low-dollar period by maintaining and enhancing the competitive tax environment—our first message is no new taxes, no new tax increases—and developing a manufacturing strategy for the province. We think the budget is an excellent opportunity to celebrate manufacturing. We have a great campaign in Good Things Grow in Ontario. We want to celebrate good things made in Ontario.

We'll focus, in our pre-budget submission, on business supports and incentives, the electricity rate and competitiveness, and the cumulative impact of economic legislation and regulation. I'll ask Paul to talk a bit about the specifics.

Mr. Paul Clipsham: Thanks, Ian. While many of the details have yet to emerge, CME is encouraged by the scope of the Jobs and Prosperity Fund, particularly support for building innovation capacity, improving productivity and increasing access to global markets. It will be critical for this fund to be administered in a way that is streamlined and provides maximum incentive to businesses to generate optimum results in each of these important categories.

However, we feel the threshold of $10 million for eligible projects misses the vast majority of small and medium-sized enterprises. CME recommends re-capitalizing the CME Smart Program with a focus on smaller innovation and productivity-type projects.

It's critical that the definition the government uses to define research and development include both new product innovation and process innovation. The latter is as important, if not more important, in terms of the impact on our quality of life and standard of living. Furthermore, the adoption and integration of new innovative technologies should be included in the definition.

The Jobs and Prosperity Fund should also consider grants for plant expansion and new construction.

CME strongly supports the Canada-Ontario Job Grant, which provides up to 35% of training costs, to a maximum of $10,000, across a range of job classifications. We would encourage the government to work with employer groups to build awareness and streamline the approvals for this important program.

In CME's 2014 Management Issues Survey, 56% of employers reported experiencing immediate skills shortages across all areas of their business. Most prevalent were engineering and technical skills as well as leadership and management skills. Given the magnitude of the skills shortage issue, a multi-faceted strategy will be needed to be employed, including highlighting the career opportunities associated with manufacturing; training consortia; maximizing immigration opportunities; and working with the education system to better orient to the needs of employers.

In order to generate cash flow for companies that are not currently profitable in the current business environment or those that are looking to make significant new investments, the budget should make all new and existing tax credits refundable, effective January 1 of this year. During a low-dollar environment, when companies need to invest, they require immediate cash support. If they are in a loss position, they often cannot immediately benefit from the current tax credit environment. Making tax credits refundable will provide more effective stimulus for companies to sustain their investments.

CME further recommends that the Ontario government continue to match the federal government's initiatives to encourage manufacturing and processing equipment. CME is calling for both the federal and provincial governments to make the accelerated depreciation on manufacturing and processing equipment a permanent fixture of the tax regime.

Inequities in the property tax system continue to be widespread in Ontario, with industrial ratepayers bearing a disproportionate amount. A recent study found that on average, manufacturing industrial rate classes are 30% to 35% higher than commercial rates.

CME recommends that manufacturing rates be brought down to commercial wherever such disparities exist. CME further recommends that MPAC assessments consider comparable properties outside of North America, particularly when considering very large or unique manufacturing properties.

Competitive electricity rates are fundamental to the success of Ontario's manufacturing sector and our economy. Despite progressive reforms, including the demand-based allocation of the global adjustment for large users, Ontario has among the highest electricity rates in North America. This issue is compounded by the fact that US states are offering significant incentive rates to attract and retain manufacturing investment south of the border.

We also have a near-term issue of surplus power during the spring and fall. To deal with the surplus, Ontario is selling power at steeply reduced prices to neighbouring and competing jurisdictions. This surplus capacity challenge, and the bigger challenge of funding ongoing upgrades to the infrastructure, would be further exacerbated by erosion in demand from manufacturers. While Ontario has put in place the Industrial Electricity Incentive Program, which is a very good program, to deal with the issue, it should be further expanded to the broader manufacturing base. Rates during surplus periods should be offered to all Ontario manufacturers at lower rates, to spur economic growth and improve system optimization. CME is recommending a manufacturing action plan that includes an industrial rate as a fundamental component of that.

Energy is also a significant economic opportunity for Ontario manufacturers as suppliers for energy projects. We have to find better ways to engage Ontario manufacturers in the energy supply chain, to ensure the broad economic benefits of those investments to Ontario.

CME has been supportive of the government's Open for Business initiative, which is working to improve the regulatory environment for business operating in Ontario.

CME continues to encourage the government to focus on the impact that regulation has on business and to address areas that are particularly onerous to business—

The Chair (Ms. Soo Wong): Mr. Clipsham, can you wrap up your presentation, please? Thank you.

1450

Mr. Paul Clipsham: Yes, I can. Thank you.

While Ontario is committed to applying economic impact testing, we would like to see that accelerated and advanced. We recommend adopting an authentic consultation approach when it comes to regulations at the policy stage, which we think will avoid a lot of unintended consequences and lead to better outcomes.

The last couple of points I just want to make are around the Ontario Retirement Pension Plan—

The Chair (Ms. Soo Wong): I'm going to stop you there, because time is of essence, today. We have a full group of presenters.

Mr. Paul Clipsham: Thank you for your time.

The Chair (Ms. Soo Wong): This round of questions—Mr. Fedeli, would you like to begin?

Mr. Victor Fedeli: Welcome, gentlemen. It's great to see you all again. Not much has changed since we were together in Niagara just a short while ago when you made a similar presentation to the large group that gathered—

Mr. Ian Howcroft: At the economic summit.

Mr. Victor Fedeli: —at the economic summit. You really talked a lot more about energy, energy, energy. Today you mention skills issues, red tape or regulatory impediments and energy supply as some issues. You also talk about the pension tax and the carbon tax. Can you take a moment and just talk about what you call the negative consequences to the economy? Can you take a moment and talk about the pension tax and the carbon tax?

Mr. Ian Howcroft: We're working on a position on the carbon tax right now. Our concern is that we don't go out on our own. We have to be cognizant of what our competing jurisdictions are doing.

We have more details with regard to the Ontario Retirement Pension Plan. We support the goals of what's trying to be achieved; however, it is another burden and it is another cost that employers and employees, those who can least afford to pay it, will now have to incur. We recognize that the government has made a commitment to go forward, but I think there are a lot of details that have to be worked out. There are comparable pension plans out there that we think should exempt employers, our members, from having to pay another 1.9%.

There are some excellent defined contribution plans out there that so far seem to be excluded when you look at the discussion paper that was recently released in December. So we're working with the Associate Minister of Finance and the Ministry of Finance to try to have them look at what should be considered as a comparable pension plan, because right now we're very concerned that these added costs will make us less competitive in very challenging times.

There's a great opportunity right now to take advantage of the growth in the United States, so we need to have all of our efforts on making sure that we can leverage that and take advantage of that. We're concerned that things like high electricity rates and the new costs associated with the new pension will take us further away from being able to leverage full opportunity and advantage for the province.

Mr. Victor Fedeli: You seem to feel the same way about carbon pricing. In your document it says, "Failure to act in parallel on a North American basis would put Ontario manufacturers at a significant competitive disadvantage." Of course, what you're suggesting is that if the States doesn't do it and we do, our costs will be higher and we lose our competitiveness.

We were all in Fort Erie earlier this week. On the drive back, between Fort Erie and Niagara, you see so many closed businesses—I'll tie that in to a breakfast I was at just this morning where we were talking and somebody said, "Vic, manufacturing in Ontario is dead." How do you answer when somebody says, "Oh, no, no. It's China. It's Mexico. Manufacturing? We'll never manufacture in Ontario again"?

Mr. Ian Howcroft: We agree there's a real image issue with manufacturing, but it's certainly not dead. We're trying to do all we can to portray a more accurate and updated image of manufacturing.

Again, some of the statistics I alluded to earlier: $275 billion in output for the province; half a trillion dollars for the country. It's still the largest sector in the economy. What we want to see is investment and an Ontario strategy around that to help grow that and move us forward into an economy that's celebrating our successes, celebrating advanced manufacturing and advanced technology so that we can continue to be the leading sector. We can't take that for granted.

There have been a lot of plant closures, which are unfortunate. What we want to do is leverage our strengths and work to have a skilled workforce that allows us to grow manufacturing as we go forward. We need to do this through collaboration, cooperation and partnership with government and other organizations and institutions. We're pretty confident that we can, and our management issues survey was very indicative that our members are very optimistic about the future. However, there are a lot of challenges that have to be dealt with.

Mr. Victor Fedeli: When the Auditor General in December told us that we've paid Quebec and the United States $2.6 billion to take our surplus energy that we make at night, I think that was quite a wake-up call to a lot of people—certainly not to Xstrata Copper in Timmins, who, when they had a knock on their door from Quebec hydro—remember, we paid Quebec to take that power. They knocked on Xstrata's door to lure them across the border into Quebec, 115 kilometres, and Xstrata ended up moving to Quebec for cheap power that we paid them to take. They fired 672 people in Ontario.

Is this anecdotal or is this happening right across Ontario?

Mr. Ian Howcroft: We hear a lot about the electricity issue in Ontario. We have a lot of round tables that we hold, so it is anecdotal, but we're getting more and more data on this. It's one of the top issues that we hear about. The skills issue is number one, but one of the ones that is challenging the most right now is the high price of electricity. There's frustration. We have to find a way to deal with that to ensure that manufacturers continue to operate competitively and that they be assured of competitively priced electricity. We recognize that the government has taken some actions to address this, but I think there's still a lot more that has to be done, particularly for medium- and small-sized enterprises.

The Chair (Ms. Soo Wong): Thank you, Mr. Howcroft, for your presentation and for your submission.

Mr. Ian Howcroft: Thank you very much. We appreciate the opportunity.

ONTARIO COALITION FOR BETTER CHILD CARE

The Chair (Ms. Soo Wong): The next group coming before us is the Ontario Coalition for Better Child Care. Welcome. I'm not sure—there's Sheila Olan—

Ms. Carolyn Ferns: Hi. It's Carolyn Ferns.

The Chair (Ms. Soo Wong): Okay, Carolyn Ferns, thank you very much. As you heard earlier, you have 10 minutes for your presentation followed by five minutes of questioning. This round of questioning will be from Ms. Fife from the third party. You may begin any time. Please identify yourself and your position with the Ontario Coalition for Better Child Care.

Ms. Carolyn Ferns: Thank you for having me today. My name is Carolyn Ferns, and I'm the public policy coordinator for the Ontario Coalition for Better Child Care.

We are Ontario's advocacy group for a universal, affordable, high-quality, public and non-profit system of early childhood education and care. Formed in 1981, the OCBCC is a member organization comprised of child care centres, national and provincial groups, and individuals from all across Ontario. Our members are child care workers and parents, centre directors, trade unionists and, most importantly, citizens who care about child care.

Why invest in child care? Two areas of the government's four-point economic plan and the finance minister's appointed themes for the pre-budget consultation stand out as reasons to invest in child care: investing in people's talents and skills, and building modern infrastructure.

There is no better way to invest in Ontario and in Ontarians than investing in child care. Child care is also a key part of Ontario's social infrastructure supporting the parent workforce. Studies show that child care centres create ripple effects in local economies. Research in Manitoba found that every $1 spent on child care generated $1.58 worth of local economic activity. Meanwhile, research on Quebec's affordable child care program by economist Pierre Fortin concluded that the Quebec program contributes more in increased government revenues than the program costs, providing an estimated annual net gain of over $200 million to the provincial government.

Funding child care makes economic sense. They are some of the best dollars that government can spend. However, in Ontario today we are living with the results of chronic underinvestment in child care.

The Ontario government has pledged to modernize child care, aiming to "transform child care in Ontario to better reflect the realities of our modern world." The Ontario Coalition for Better Child Care appreciates this goal but questions whether child care has been provided with adequate funds and, indeed, adequate policy support to make this transformation a reality.

There are regulated child care spaces for only 20% of Ontario children zero to five years. If you include school-aged children, a particularly underserved group, that number drops further, to spaces for only 15% of Ontario children.

Three years into the government's modernization process, we have seen new legislation developed that closes loopholes in licensing and beefs up inspection. And yet, without adequate funding, it remains an unanswered question how enforcement of the new measures in this legislation will be achieved. Stabilization funding, provided over four years, has proven too limited to adequately address the impacts of full-day kindergarten on the child care sector.

This chronic underfunding is having a devastating impact on child care programs across the province. A few examples: We have continued to see closures of high-quality child care centres including, most recently, Tupper Tots and St. Elias Child Care centres in Ottawa; Coronation Park in Lambton, which served the community for 42 years; Lambton College child care centre, which served the community for over 40 years; and the continued threat of closure to Scotia Plaza, a George Brown lab school here in Toronto.

1500

In fact, we have seen an epidemic of closures of college child care programs, with more than a dozen Ontario colleges closing child care programs across the province in recent years. This fails families, children, and early childhood education students who rely on those lab schools for high-quality placement experiences.

We have also seen a shrinking of public child care spaces. Public child care spaces, research shows, are some of our highest-quality settings, and they are disappearing. Municipally operated child care has shrunk from 18,143 spaces, or 11% of total centre spaces, in 1998 to a little over 7,000 spaces, or 2.6% of total centre spaces, in 2012.

In short, child care in this province is nowhere near stable as we continue to struggle with chronic underfunding.

This underfunding has another consequence: sky-high parent fees. Parent fees in Ontario are some of the highest in the country. According to a recent study of child care

fees, Brampton, Toronto, Windsor and London make up four of the five least affordable cities for child care in Canada. In these cities and across Ontario, child care fees are a second mortgage for families.

Meanwhile, many local municipalities continue to struggle with the new funding formula. While we appreciate attempts by the Ministry of Education to rationalize the funding going to each municipality, the reality is that no municipality can afford to face cuts to their child care funding. Yet Algoma, Dufferin, Lennox and Addington, Northumberland, Parry Sound and Timiskaming all face reductions in their allocations this year, with 12 more slated for cuts once the stabilization funding runs out.

Recognizing the severe underfunding of Ontario child care, we call on the Ontario government to commit new child care money: an immediate $300-million fund, annualized, to address these immediate crises. In addition, to begin to address the shortfall of child care spaces, we recommend $100 million to increase spaces across the province.

Ontario can do better. In fact, we have the opportunity to be leaders in early childhood education and care. We know that this government has committed to modernizing child care, but now is the time to show the political will and the funding dollars to make that commitment a reality.

We know that child care is high on the national agenda as well. On November 18, the Ontario government and the NDP caucus supported an opposition day motion by NDP leader Andrea Horwath that "this province should partner with the federal government to ensure that every parent in Ontario has access to child care at a cost of no more than $15 per day." We strongly support this commitment to work toward a national child care strategy, but we push Ontario to go further, to show leadership, and to take action now.

As Martha Friendly and I wrote in an article for the Toronto Star, "With child care finally back on the national agenda, there's no time like the present for the Ontario government to regain its leadership to move toward a real system of quality child care."

Ontario would gain countless benefits from a comprehensive system based on the principles of universal entitlement, high quality and comprehensiveness. But achieving this will require not only a commitment to modernization but also a well-designed policy framework with long-term goals, targets and timetables, political will and ongoing, sustained funding. Now is the time to start that work.

Thank you very much for your time.

The Chair (Ms. Soo Wong): Thank you very much for the presentation.

Ms. Fife, do you want to begin the questioning?

Ms. Catherine Fife: Thank you very much for coming and sharing the voices of parents and of early childhood educators here at Queen's Park.

Right next door, the Minister of Education is announcing that one in five schools is slated to be closed in Toronto. It's a huge opportunity to actually embed child care in communities. If they can't be schools, what better way to focus on children and the overall health of the community?

Yet the 20% of children who are unregulated—that number has been in place for over a decade, from when I first started with the coalition. It's like Groundhog Day.

Ms. Carolyn Ferns: Yes.

Ms. Catherine Fife: But when we raise this issue in the House, the Premier will often come back at us and say, "Well, you have full-day kindergarten." What do you say to that? What is your response to that?

Ms. Carolyn Ferns: Full-day kindergarten is, of course, wonderful. Unfortunately, it didn't go as far as the Pascal vision of full-day, seamless early learning. It also only addresses the needs of four- and five-year-olds, when we also have zero-, one-, two- and three-year-olds—and school-aged child care, which there still is not enough of.

I think it's a good point that you raised about the closing of schools because of course some of that space could very well go to creating child care, but one problem is that there's no public planning of child care, in a sense. It just kind of crops up; it's just a market. So if you really wanted to take that on and if the government wanted to really make a change in child care, it would be about really changing it into a real, comprehensive system.

Ms. Catherine Fife: Yes. The economic case for investing in early learning and care is so well documented. If there was ever a time actually for the government to say, "You know what? This is the time to stabilize the most vulnerable workers"—which you know and the research shows that women are particularly supported through quality care, as are children, of course.

You raise a really good point about the enforcement. You know that some legislation did pass. Four young children died last year in unlicensed child care. It's a tragedy. It's Canada, you know? This should not be happening. But the enforcement piece is the key part; you could have the best legislation and you could even have very good intentions. Can you speak to the reality on the ground of protecting children in those home care settings?

Ms. Carolyn Ferns: Yes, I can. I spoke to the social policy committee when Bill 10 was before the committee. We of course supported the bill but raised this very question at the time: that we needed to know that this dedicated enforcement unit had the necessary support to be able to do that work and that there would be enough inspectors across the province. I think that's all very important. We do question whether they will be able to do their work.

In a larger sense, I think that creating high-quality child care spaces is really the way to get to that problem—

Ms. Catherine Fife: Absolutely, yes.

Ms. Carolyn Ferns: —because the continued reliance on unregulated care—the flip side of that is to create a real child care system.

Ms. Catherine Fife: Yes.

Ms. Carolyn Ferns: So that's definitely the way, we would say. If you really wanted to address the problem, that's where you should look.

Ms. Catherine Fife: Yes, instead of creating legislation and a weak sort of enforcement, build it right the first time and ensure that children are safe, right?

Ms. Carolyn Ferns: Yes.

Ms. Catherine Fife: And then, also, the economic value for dollars is obviously there.

It is really unfortunate that the FDK program unrolled the way that it did, because if they had followed Charles Pascal's original plan, we would have probably 20,000 new child care spaces located in schools, which would free up funding for zero to 3.8. We're going to have to revisit this idea because we need to make use of the current infrastructure that exists, like one in five schools in the city of Toronto.

So I just want to thank you for bringing your perspective to the table. Of course, we're going to continue to fight for quality, affordable and accessible child care. Thank you.

Ms. Carolyn Ferns: Thank you very much.

The Chair (Ms. Soo Wong): Thank you, Ms. Ferns. If there's any written submission you can submit it to the Clerk by 5 o'clock tomorrow afternoon.

Ms. Carolyn Ferns: Okay. Thank you.

ONTARIO SOCIETY OF PROFESSIONAL ENGINEERS

The Chair (Ms. Soo Wong): The next presenter is the Ontario Society of Professional Engineers. I believe Mr. Perruzza is here. Good afternoon. Welcome. As you heard, you have 10 minutes for the presentation, followed by five minutes of questioning. This round of questions will be coming from the government side. You may begin any time. Please identify yourself and your position with the Ontario Society of Professional Engineers for the purpose of the Hansard. Thank you.

Mr. Sandro Perruzza: My name is Sandro Perruzza. I'm the chief executive officer of the Ontario Society of Professional Engineers. I also want to acknowledge Dr. Lee Weissling, our manager of policy and government relations, and Mr. Glen Watson, our policy adviser, who were instrumental in the development of the submission.

The Ontario Society of Professional Engineers is a member-interest advocacy organization. We are the voice of over 225,000 Ontario engineers, supporting, representing and advancing their interests and promoting engineering excellence for the benefit of the public. We represent engineers who work in several of the most strategic sectors of Ontario's economy.

OSPE appreciates the invitation to participate in this year's standing committee. Engineers, and the work OSPE does, play a central role in virtually every aspect of modern life, from the phones we communicate with to the highways and roadways that we travel on, to the buildings that we work and live in. OSPE believes that we should have a voice at the table that reflects that central role. Our submission reflects the profession's broad importance to the economic well-being of this province.

At a glance, key points from our submission include speaking points on infrastructure, environment and climate change, energy, labour market, advanced manufacturing and the Ring of Fire.

1510

OSPE is an active member of the Construction and Design Alliance of Ontario. As such, OSPE supports the continuation of over $130 billion in investment to support roads, bridges, transportation, transit, health centres, educational institutes and all aspects of infrastructure, as was mentioned in last year's budget. However, due to the effects of climate change, the government must ensure that we design and build resilient infrastructure. This is where Ontario's engineers can provide value.

We applaud the Ontario government's message to the federal government that 5% of GDP is necessary for the infrastructure investment to achieve optimum growth in jobs and the economy. The Conference Board of Canada found that each dollar of real public infrastructure growth returns 11% into the GDP. That is a good investment, and it creates the infrastructure that Ontario and the rest of Canada sorely need.

This intersection of climate change and public infrastructure represents a critical issue that cannot be ignored by policy-makers. Doing so will result in increased patterns of flooding in residential areas due to the antiquated stormwater infrastructure that cost Ontario taxpayers billions of dollars in the past year.

OSPE believes that prioritizing economic growth and addressing climate change are not mutually exclusive options. We strongly recommend that the government take decisive action to bring to reality the climate change vulnerability assessments. This was a central component of the Ontario government's 2011 report Climate Ready: Ontario's Adaptation Strategy and Action Plan.

Without question, building a green economy and investing in clean technology will make up a significant part of any economic initiatives. Jurisdictions that have invested in this industry have experienced growth of nearly 22% in the past year.

On energy, the provincial government should strive to achieve a reduction in per-kilowatt-hour costs by increasing system capacity utilization. OSPE proposes a four-pronged approach to effectively manage energy pricing:

(1) Use pricing to better incent demand/load shifting.

(2) Rethink the global adjustment pricing strategy.

(3) Continue to eliminate the feed-in-tariff.

(4) Invest in increased capacity in Ontario's nuclear production, rather than importing large amounts of energy from Hydro-Québec.

Underemployment is one of the most important issues facing the Ontario government. Our own labour market study, which was released last week, found that only 30% of employed individuals in Ontario who held a bachelor's degree in engineering were working as engineers. Even

more astonishing, 33% of engineering graduates are working in jobs that don't necessarily require a university degree. Only just over 20% of women and internationally trained engineers with engineering degrees actually work as engineers. This is totally unacceptable and a waste of talent. OSPE advocates that government and industry provide more incentives for co-op positions, bridging programs and on-the-job training, as just a few examples of opportunities that exist to improve employment. We are also advocating to the federal government for the return of the long-form census to alleviate a lack of data in this area. We encourage the government of Ontario to lend its voice on this issue.

The 2015 budget needs to capitalize on the recent momentum to reinvigorate the advanced manufacturing sector. Research and innovation go hand in hand with this reinvigoration. As a result, programs and incentives should recognize the partnership opportunities that exist. Ontario should be developing programs that both incent Canadian firms to reshore in Ontario and attract foreign companies to establish high-tech operations in Ontario.

The government should be highlighting the following competitive advantages that Ontario has to offer the world:

—a well-educated, skilled and motivated workforce;

—a diverse population base;

—access to natural resources such as water, power and mineral wealth; and

—the advantages of a First World economy, such as an excellent social welfare system; safety, stability and security of the population; and ease of access to a multimodal transportation system for both goods and people.

OSPE is also a contributing member of the Ontario Chamber of Commerce. Their analysis, through our experts in this area, estimates the Ring of Fire will contribute up to $30 billion to the Ontario economy and, in its first 10 years, generate up to $9.4 billion in GDP and sustain up to 5,500 jobs annually, jobs that Ontario needs in the north.

Engineers should play a central role in the successful development of these complex projects of this magnitude. OSPE is well positioned to be the go-to organization for trusted, technical and independent advice, especially in the area of development and early stages of this project.

In closing, with the low Canadian dollar, the low cost of oil, the highly educated, skilled and motivated workforce, capacity in our energy system, the multi-modal transportation system and abundant access to natural resources, Ontario is well-poised to once again lead the economic engine of this country.

Ontario needs engineers, engineers who can design and build resilient infrastructure, create new innovative technologies that will drive advanced manufacturing and reduce harmful carbon emissions. They will fix our electrical grid and will play a central role in the successful development of the complex Ring of Fire projects.

The government of Ontario and industry need to be engaging the engineering community in order to build a resilient, clean Ontario, create sustainable jobs and allow Ontario to compete on a global stage where it belongs. Thank you for your consideration.

The Chair (Ms. Soo Wong): Thank you very much for your presentation. Mr. Milczyn, can you begin the questioning?

Mr. Peter Z. Milczyn: Thank you, Madam Chair. Nice to see you again, Mr. Perruzza. Thank you very much for your presentation. I think everyone would agree that a modern society and modern economy cannot function without a lot of highly trained engineers designing, building and maintaining all the systems we rely on.

I just wanted to highlight a couple of the issues that you raised. One is that you acknowledged this government's commitment to $130 billion in spending on infrastructure over the next decade, which is the highest level of infrastructure spending in several generations in this province, I believe. So that will require a great deal of engineering expertise to be applied to design virtually everything, I assume.

Mr. Sandro Perruzza: Yes. The advantage there that we believe Ontario engineers provide is that you need not only infrastructure but resilient infrastructure, one that can withstand the severe weather patterns that global change is having on our existing infrastructure. So Ontario engineers understand the severe weather patterns and the severe temperature drops and changes in the Ontario climate. So we strongly endorse that local knowledge content in all engineering projects.

Mr. Peter Z. Milczyn: I'd like you to confirm this for me, because this is something that I believe, but I just want to be certain: We do, in Ontario, possess particular expertise in mining and electrical generation distribution and supply. It's one of the areas of expertise for engineers in this province, I believe.

Mr. Sandro Perruzza: That is correct. Ontario schools produce some of the smartest and most intelligent engineers out there. They are drawn out of this province into other states and other countries because of that expertise. So we want to provide the economic conditions so that they can stay and contribute here in Ontario.

Mr. Peter Z. Milczyn: One of the things in your presentation that I found curious was this underemployment among engineers and engineering graduates. Is there a disconnect between the training they receive at universities and the market demands for particular types of engineering expertise?

Mr. Sandro Perruzza: Yes. We've actually done some comprehensive studies over the last couple of years on this. We don't believe that there is an engineering shortage in Ontario and in Canada. As I mentioned, there are 225,000 engineering graduates just in Ontario alone. What we feel is that there is a disconnect between industries, what they're looking for, and what currently exists in Ontario.

About 10 years ago, when the recession first hit, a lot of middle-manager engineers were let go. So now what's happening is you fast-forward a few years and those who

are at the senior level are ready to retire. Industry hasn't been promoting from within and doing that internal development. So now, as these people are ready to retire, you have that gap in the middle where these middle managers were let go. Now they're looking for that skill gap—engineers with 10 or 15 years of senior management experience—and they don't exist, because they were let go in 1998, and now there's no one coming in to fill that position.

I know the federal government looked at opening the borders and allowing internationally trained engineers into the country. The problem is that they lack the technical skills—primarily two things. What we found through discussions with employers, looking at internationally trained engineers, is language. Engineering is highly technical, so having a good understanding of the English language isn't good enough; they have to have a very high component of English comprehension.

1520

The second thing is that the cultural management programs here in Ontario are different than what you would have in other parts of the world. Here, we have a more collaborative approach. In other parts of the world, they have a more hierarchical management system. So again, there's that cultural mis-fit.

We strongly endorse that Canada and Ontario invest in organizations that allow that internal development to happen.

Mr. Peter Z. Milczyn: So it's not a disconnect in our engineering schools; it's in the mid-career portion of—

Mr. Sandro Perruzza: Exactly.

The Chair (Ms. Soo Wong): Mr. Perruzza, I see Mr. Baker has some questions for you in the last two minutes.

Mr. Sandro Perruzza: Certainly.

Mr. Yvan Baker: Mr. Perruzza, if I could, I just wanted to piggyback a little bit on MPP Milczyn's questioning around the issue of underemployment that you raised. I know that you've done a comprehensive study and you've had some recommendations. I was wondering if you could tell me a little bit more: What specifically can we do—what can universities do to help address this issue?

Mr. Sandro Perruzza: We actually have been having conversations and continue to have conversations—universities, government and industry have talked about this. We believe the best way to connect that—because industry has this misperception of a skills gap. You hear it all the time. Earlier, Ian talked about a skills gap. We don't think that a skills gap exists. I think what happens is a miscommunication in discussion around the skills that are needed and the skills that university and college students can provide.

We want to create innovation hubs between industry and higher levels of education—universities and colleges. One currently exists in the aerospace industry that's working really well. What it's doing is creating that dialogue between industry and universities to talk about where the industry wants to go. They want to work with universities to develop the research that can be put into practice and creates that dialogue between industry and universities so the students can understand where industry is going, and then they can focus their higher levels of learning in those specific technologies.

It also creates opportunities for Ontario to create the technologies that can be sold around the world and create those economic benefits for all the taxpayers.

The Chair (Ms. Soo Wong): Mr. Perruzza, thank you very much for your presentation and your written submission.

COALITION OF ONTARIO MANUFACTURERS FOR COMPETITIVE INDUSTRIAL POWER RATES

The Chair (Ms. Soo Wong): The next group before us is the Coalition of Ontario Manufacturers for Competitive Industrial Power Rates. I heard from the Clerk that they have submitted to us. Do you remember the package I mentioned earlier? There's a big package on your desks. Go through that, because somewhere there is your presentation, folks.

Gentlemen, welcome. I don't know who's who. Let me just make sure you understand that you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions is from the official opposition party. When you begin speaking, please identify yourselves and the organization you represent, for the purposes of Hansard. Thank you.

Mr. Steve Morrissey: Thank you, Madam Chair, and thank you, members of the committee, for taking the time to see us today. I know the day is growing long, so we'll try to be short. Fortunately, we're here to talk about one issue, so hopefully that will get the job done.

My name is Steve Morrissey. I'm the executive vice-president of the Cement Association of Canada and the co-chair of the Coalition of Ontario Manufacturers for Competitive Industrial Power Rates. I'm pleased to be joined today by Ted Cowan, to my immediate right, of the Ontario Federation of Agriculture; and to my far right, Brad Robertson, the corporate EBS manager at ESCO, a manufacturer of highly engineered products used in mining, infrastructure development, and oil and gas.

We represent industries that collectively employ over a million women and men in Ontario—over 160,000 on farms alone, 500,000 in food processing, tens of thousands in auto parts, assembly, packaging, paper, foundries, plastics and, of course, cement and concrete.

We're here today to talk to you about how the high cost of electricity in Ontario is hindering industrial growth in the province. In terms of jobs and investment, Ontario has lost 270,000 manufacturing jobs over the last decade. Farm employment is down by over 20,000 just over the last four years. Manufacturing is down; forestry is down.

Some argue that this is a result of the 2008 recession or international competition, but Ontario has recovered the jobs that were lost during the recession. The truth is

that Ontario's high industrial electricity rates are hurting our international competitiveness because they're increasing the cost of manufacturing and production across Ontario.

We can all see the direct results of this. Manufacturing investment in Ontario is down by over 30%. In this globalized world, many multinational corporations in Ontario must compete within their own companies as to where manufacturing investments are going to be made. Unfortunately, a lot of these investments are not being made in Ontario.

Several years ago, the province took very good steps in creating a corporate tax rate that was one of the most competitive in the world. This strategy helped to ensure that Ontario retained or attracted jobs in the finance, the insurance sector, health care and educational services, and we agree it also helped to slow the losses in agriculture and the manufacturing sector. But other jurisdictions reduced their tax rates. They offered incentives. Now, our competitive advantage has eroded.

But today, we don't just want to talk about the challenges that Ontario is facing. We believe that the time for pointing fingers and laying blame about the electricity problem should be in the past, and we want to work constructively on a proposed solution on how we can reduce our industrial electricity rates in a way that will not hurt individual ratepayers. We aren't alone in this. Earlier today, you heard the same message from the Canadian Manufacturers and Exporters and similar messages from the Ontario Chamber of Commerce and from the Association of Major Power Consumers in Ontario, and others.

Today, we are here to offer some details about how we can achieve this solution. In short, we are asking that Ontario establish one specific rate for farms and industrial users in the province. Some of you will recall that prior to the breakup of the old Ontario Hydro, Ontario did have a farm/industrial rate, and we desperately need this rate again in this province.

I'd now like to turn our presentation over to Brad to speak on more specifics of our proposal.

Mr. Brad Robertson: My name is Brad Robertson. I'm here on behalf of the Canadian Foundry Association. I want to talk a bit about the current price programs. They've been very helpful, but only to a certain segment of the Ontario economy. For instance, the 5CP program lowers the cost of power by 2 cents a kilowatt. That's of great value to those who can take part in it, but only 300 employers in Ontario currently qualify, and it costs $130 million a year. We believe Ontario should keep the 5CP and other programs, but for all of Ontario to compete, we need farm and industrial rates.

Through our proposal, a farm/industrial rate could be phased in over three years and reduce industrial costs by up to 2 cents a kilowatt hour. This across-the-board reduction will help tens of thousands of firms who employ over one million Ontario employees. Our analysis shows that introducing a farm/industrial rate would generate about 9,400 new jobs a year in Ontario on top of what's normally generated, about 96,000.

Ontario can have this farm and industrial rate program without any new increases from any other power users by taking four steps:

In the spring budget of 2015, commit to developing and implementing farm/industrial rates within a year.

In the 2016 budget, as step two, reduce the Ontario portion of HST on all power bills, from 8% to 4% and adjust rates to use this $250 in reducing billing, so residential and commercial rates fall by about 1% and farm and industrial rates by about 2%.

Step three would be to repeat the process in spring 2017's budget with the remaining 4% of the HST on power bills being removed, so rates would then be down 2% for residential and commercial users and 4% to 5% for farm and industrial consumers.

In the 2018 budget, the debt retirement charge would no longer be needed, and at that time, rates can be further adjusted—residential rates falling by about 3% and farm and industrial an additional 15% fall.

At the end of the phase-in period, farm rates would be down from their present average of about 17.5 cents a kilowatt hour to 15.5 cents. While that's still high compared to some rates in the rest of the world, it's an improvement. Industrial rates would go from their present rate of 10 cents to 8 cents a kilowatt hour. That's a 6.4-cent US rate. That would bring us into the high end of rates but still within competitive range of some of the other manufacturing jurisdictions we compete with in North America.

No one would pay more for power because of this. Everyone would pay less. On behalf of farm and industry, they'd see the greater reductions, but compared to the rest of North America right now, their rates are currently more out of line.

Farm and industrial rates would take industrial power costs from $5 billion a year to $4 billion, a 20% saving. We're convinced that that would lead to reinvestment in Ontario and that a commitment now to farm/industrial rates would help catch the attention of every CFO in Ontario, and they will re-examine their investment plans to match those savings to new investment.

1530

Manufacturing investment used to be over $10 billion a year in Ontario. We don't see it returning to those levels quickly, but farm/industrial rates will move manufacturing investment from its present level of $6.5 billion to over $8 billion a year. That extra investment, at a cost per job of $175,000, will bring about 9,400 additional jobs into Ontario that we don't otherwise have.

We understand it's not free. There's $500 million a year in HST on the table here. But those 9,400 new workers, if they aren't working, are in school for extra years or living at home with mom and dad. They're not generating revenue. Employed, they spend, and they pay HST and income taxes and more than make up for the so-called lost revenue.

Three years of this additional employment and the lost tax revenue is more than restored. Compared to other

employment creation efforts, it's fairly low-cost when paid out and is repaid by taxes from those workers later.

So it's not about lost revenue. This is about jobs and keeping Ontario as a place to live and work. Farm/industrial rates are the only way of reducing power costs now. This move would make Ontario more competitive. It doesn't mean it has the lowest rates, but it means it has competitive rates.

That's the end of our submission.

The Chair (Ms. Soo Wong): Thank you very much for your presentation. Mr. Arnott, do you want to begin the questioning?

Mr. Ted Arnott: Thank you very much for your presentation. You've brought a constructive idea to the government's attention by way of this Standing Committee on Finance and Economic Affairs, and I would hope that the government will give it consideration.

The underlying problem, of course, is the high cost of hydro. We've seen deliberate steps by this provincial government, going back to 2003, that have put upward pressure on the hydro bills. Most recently, we've learned in the Auditor General's report that the smart meter program has cost almost $2 billion, and it hasn't had the desired effect of achieving the targets of conservation that were set out when the program was launched. Of course, we have seen the Green Energy Act and the investments that have been made, whether it's in windmills or whether it's in solar power, where producers are being paid up to 80 cents a kilowatt hour for electricity that's generated. All of this, and other steps—conscious decisions that the government has made—have put upward pressure on hydro bills, which has led us to the situation we're in today, where our hydro rates are completely uncompetitive, relative to other competing jurisdictions, which is costing us jobs.

Your suggestion is an interesting idea that would take some steps towards addressing the issue, so I commend you for coming forward with a constructive idea. It's clearly laid out in your presentation, and I want to thank you for it.

Mr. Steve Morrissey: Thank you very much.

Mr. Ted Cowan: Thank you.

Mr. Steve Morrissey: I'd just like to make one comment to that question.

Mr. Ted Arnott: Sure.

Mr. Steve Morrissey: In the environment that we're in, we tend to focus a lot on what is in the news. The government wants to announce new jobs. The opposition parties want to announce layoffs and companies moving out of the province. This is natural—

Mr. Ted Arnott: Just a second. No, we don't. We want to see the province thrive. We want to see the province grow. We want to see the province do well. As an opposition party, that's certainly our approach.

Mr. Steve Morrissey: Absolutely. That's the agenda—

Mr. Ted Arnott: But we have an obligation and a responsibility in opposition to call attention to the government's drawbacks and flaws in policy.

Mr. Steve Morrissey: Absolutely. We have to draw attention to what the problems are, absolutely, and that's the job of an effective opposition: to draw attention to the problems.

We would have to stop thinking about the problems that are there. We've got to start thinking about solutions. This is why we wanted to come to talk about specific solutions. The government needs to think about the solution side of this too.

The point I was trying to make is, when we look at the media, we're talking about the tip-of-the-iceberg kinds of problems; we're talking about the jobs that are lost or announced or whatever. What is under the iceberg is 90% of the issue: It's the opportunity cost of jobs lost. Because we're not competitive, how many jobs are we not getting in Ontario now?

We have to stop thinking about the top of the iceberg and think about the jobs we are not bringing into Ontario by not being competitive. That means we've got to think about solutions now, because as we've seen in Alberta, the suffering of other economies is not going to help Ontario either. We've got to find solutions now.

The Chair (Ms. Soo Wong): Okay. Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much. I appreciate the commentary.

You've talked about the issue of skyrocketing energy rates: amongst the highest in North America. You've talked about a solution. It's not an energy solution; it's a financial solution. I call that more of a salve on the wound. What about repairing the wound itself? What can we be doing to actually make energy rates affordable in Ontario? Not a financial solution from an HST.

Mr. Ted Cowan: The only physical thing that reduces energy costs is to replace the highest-cost energy—let's say in peak-hour imports from the US, when they have us over a barrel and it's 25 cents a kilowatt hour, for about 15% of the gross. The other very high cost is the energy we don't use that we give to the Americans at a cost of $1.2 billion a year. Out of a gross of $18 billion—that's 12%, right off the top. If you bring that to zero, the cost falls by 12%. If you bring the expensive imports down, you can bring another 6% off, but you can't do that on Tuesday this coming week, or even a month from now. That will take years. In the meantime, there will be 100,000 young men and women going without a job, so—

Mr. Victor Fedeli: Well, there are 600,000 of them today, so I agree with you.

Mr. Ted Cowan: This can be done right away. It's not a salve. Every other jurisdiction in North America has had it for decades. We had it from 1905 until roughly 1990 or 1991.

Mr. Victor Fedeli: So what about offering that power that we pay the States $1.2 billion to take to be used at night?

Mr. Ted Cowan: That would be excellent, and it's one of the requests we're making—not right here and now, but it's one of the requests we're making. In addition, that power is exported to the US, and we only

charge 10% of the transmission charge on it. We're actually paying the trucking on that power to get it out of the country at a loss.

Mr. Victor Fedeli: You sound like the speech I give in the Legislature every week.

Mr. Ted Cowan: Well, I read Hansard.

The Chair (Ms. Soo Wong): Okay, gentlemen. Thank you very much for your presentation and your written submission, and thank you for your suggestions for the committee.

ONTARIO ASSOCIATION OF NON-PROFIT HOMES AND SERVICES FOR SENIORS

The Chair (Ms. Soo Wong): The next group before us is the Ontario Association of Non-Profit Homes and Services for Seniors. I believe Donna Rubin and Tim Siemens are here. Good afternoon, Ms. Rubin. I believe you have some handouts for us? Okay, the Clerk is coming over to help.

Ms. Donna Rubin: Thank you.

The Chair (Ms. Soo Wong): Ms. Rubin and Mr. Siemens, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be coming from the third party. You may begin any time. When you begin, please identify yourself and your position with OANHSS. Thank you.

Mr. Tim Siemens: Thank you very much. Good afternoon. I'm Tim Siemens, the chair of the board for the Ontario Association of Non-Profit Homes and Services for Seniors, or OANHSS, as it is commonly known. With me here today is Donna Rubin, chief executive officer of the association. OANHSS is a member association, and for close to 100 years we have represented providers of municipal and not-for-profit long-term care from across the province.

We do not have enough staff in our long-term-care homes to provide the quality of care that Ontario's seniors need and deserve. Currently, staffing levels still fall short of the four hours per resident per day recommended in the Sharkey report in 2008. The target was right then, it is right now, and we are still not there.

We are asking you to consider an annualized increase of approximately $385 million to close the care gap. This is the same budget recommendation that we brought forward to the government in the year 2010, and here we are again today, five years later, raising it once more. Yes, we are recommending an annualized increase of $385 million, but of course we recognize the fiscal challenge facing the government. This is why we are recommending that the target be phased in over three years.

Now let's take a look at why this investment is needed. Long-term-care homes serve one of the most vulnerable groups in our society: the frail elderly. They play a critical role in the province's continuum of care for senior citizens. In fact, our sector is the fourth-largest operating expenditure item for the Ministry of Health and Long-Term Care. There are over 78,000 residents in Ontario's 630 homes, and demand continues to grow, with more than 20,000 seniors on the wait-list for long-term care.

It can't be overstated how heavy the care needs of these residents are: both their physical health and their mental health needs.

1540

Many residents are coming into our homes with very high complex-care requirements, such as intravenous therapies, oxygen therapies and peritoneal dialysis. End-stage disease and antibiotic-resistant infection are areas of high growth that we need to pay attention to. If this growth continues, it will be very difficult for homes to manage, as individuals with these conditions require considerable attention.

The government's policy direction to enhance quality care so that seniors can stay in their own homes for as long as possible—which we fully support—means that residents being admitted from the community have highly complex care needs.

I'll give you a sense of what I mean by heavier and more complex care needs by looking at dementia as an example.

Six out of every 10 residents suffer from some form of dementia. That's over 47,000 residents in all homes in Ontario, and that number is increasing at a rate of 2.5% annually. Even more troubling is the huge and growing group of residents with aggressive behaviours. On average, 46% of residents exhibit aggressive behaviours, and about 11% are considered severely aggressive. What this means is that in a standard resident-home area of 32 beds, three to four residents will have severe levels of aggressive behaviour.

As I am sure you can understand, these behaviours pose a huge risk to resident safety and well-being, both for those suffering from them and for those around them, including other residents, staff, visitors and our volunteers. It's a volatile congregate living environment. With current staffing levels, homes are already having serious difficulty meeting the most basic care needs of residents, and we are unable to guarantee the safety of our residents.

If we look now at what will be achieved by increasing direct care staff in long-term-care homes, I can tell you that research evidence clearly shows that more staffing will mean better quality of care, better resident outcomes and greater resident safety. These improvements will be reflected in measurable outcomes in a number of areas, including quality indicators that are tracked by Health Quality Ontario and the Canadian Institute for Health Information. These quality indicators include such things as falls, pressure ulcers, restraint use, incontinence, potentially avoidable emergency department visits, appropriate prescribing, and resident experience. And it will mean that homes will be better able to manage challenging behaviours and keep their residents safe.

As you read our written submission, you will see that our recommendation for increased staffing is evidence-informed and focused specifically on improving the quality of care and quality of life for residents.

You may be asking yourself, "What is it going to take to get to a provincial average of four hours of direct care per resident per day?" Currently, based on the ministry's data and its formula to calculate hours of direct care, residents are receiving an average of 3.4 hours per day. This is care that is provided mainly by nurses and personal support workers but also social workers, therapists and activation staff. That gap of just over half an hour per resident per day can be closed with an annualized investment of approximately $385 million.

This is by no means a new recommendation. As I stated in my opening comments, it originated in the Sharkey report, commissioned by the Ministry of Health and Long-Term Care in 2008. That report identified provincial guidelines that were designed to achieve up to four hours of care per resident per day over the subsequent four years.

Again, in 2012, the Long-Term Care Task Force on Resident Care and Safety urged the province to follow through on this same recommendation in order to improve the level of safety and care quality for residents.

We are here again today to urge you to make this recommendation happen, to finally make it a priority.

Based on the ministry's data and calculations, an annualized increase of approximately $385 million would be required to close this care gap. We recognize the fiscal challenges facing the government, which is why we are recommending that this target be phased in over a three-year period.

We all have an obligation to ensure we are providing the best care for our seniors. The needs of those seniors living in our long-term-care homes cannot be ignored. The next provincial budget must include an investment to start to bring average care levels to four hours per resident per day over the next three years. Our residents deserve the improved quality of care and quality of life that this will bring. Thank you.

The Chair (Ms. Soo Wong): Thank you very much. Ms. Fife, do you want to begin the questioning?

Ms. Catherine Fife: Thank you very much, Tim and Donna, for coming in and sharing this data. It must be very frustrating to keep coming and asking for this. I think a lot of Ontarians would be very surprised to learn that over the last four years, the level of care in long-term-care homes has only increased by nine minutes per resident per day. That's shocking. When you break it down that way, that's two minutes per year.

So in the fiscal environment that we are facing, and obviously with a 6% reduction in every ministry from last year's budget, make the economic case, because it's there, for the finance committee to recommend to the minister to actually close the care gap for seniors in the province of Ontario.

Ms. Donna Rubin: Well, essentially, we have received increases over the last number of years in the area of 2% that are maintenance investments that only help us to keep doing what we've always done. In that way, we're kind of just treading water.

We recognize that this is a large sector. When you have 630 homes and 78,000 residents, $1 more in the sector costs basically $28 million. So what we're asking for is a jump—a jump to make a difference. It will be just under $14 per person per day to care. If you spread that over three years, we're looking at about $4 more per person. You know, we can't set the priorities, but we can certainly identify the need.

Ms. Catherine Fife: Sure. And obviously there's a cost to not being able to provide preventative care for seniors. Even in the last three years—when I was first elected, I toured a long-term-care facility, and I was recently touring again, and you could see the tension, the stress and the pressure in those environments, because it must be very frustrating for front-line staff to not spend the quality time with the client.

The issue of nutrition and food has also been a consistent theme across the province as we have traveled around. The budget, I guess, right now, is $7.87 per day. In the funding that you're looking for, are you asking for additional funding for food on top of that $7.87?

Ms. Donna Rubin: Yes. We're asking for a 5% increase to food. That is outside of the care envelope. It's part of what we call the other accommodation envelope and raw food. It's a smaller amount, for sure, but our members are very much indicating that the food per diem is insufficient.

Ms. Catherine Fife: Well, it's connected to overall health. Right?

Ms. Donna Rubin: Yes.

Ms. Catherine Fife: Last year, you recommended that the government expand the number of designated units for extremely aggressive residents and significantly increase behavioural supports. Have you seen any update with regard to that? This has also been an issue that we've heard consistently.

Ms. Donna Rubin: No. Outside of the incremental 2% increase, we've not had any increase to the designated units and have had no further jump in care hours to support this type of individual.

Ms. Catherine Fife: So this leads us to the current situation, where we are. For you, every year you've come and made a very strong case. This is an outstanding promise of creating or developing 35,000 long-term-care beds, since 2007.

Where's the reluctance? What are you hearing from the Ministry of Health as to—because there's a silver tsunami. That's what they're calling it. Right?

Ms. Donna Rubin: Yes.

Ms. Catherine Fife: But it's also becoming more aggressive and complex needs in your long-term-care facilities.

Ms. Donna Rubin: I think the government's main priority is to try and keep people out of hospitals, out of acute care and out of the emergency ward. We know that. We're full. There's no room at the inn. So the priority is to try and put investments into community, which are good. But as we do that, we are starting to take only the highest level of acuity residents, because by the time they come to us, they're very frail now. I think many of you have heard of incidents over the years of resident-to-resident abuse. We've had homicides in the province.

This is because we haven't got enough staff and enough eyes and ears to watch people. So when you mentioned the cost before, that's the cost. The cost is not just quality of life; it's becoming people's lives. There was the Casa Verde report years ago when there was a homicide. It has continued. Enough is enough. We've got to make a jump, get the level of care we need, and then we can look at maintenance budgets.

1550

Ms. Catherine Fife: So we've seen an increase in for-profit high-end retirement long-term-care facilities. They are clearly moving into the province and filling a gap. Having gone through this with my own mother-in-law, it's $3,800 a month and up. Where do you see the leadership of this government on the not-for-profit long-term-care facilities?

Ms. Donna Rubin: I have seen continued attention. When other areas were flatlined, we did get some money last year, so I have to acknowledge and appreciate that. But it's like putting your fingers in a dike; we're just holding it together. Administrators go to bed at night worrying about whether everybody is going to be safe. We have to stop blaming the organizations—the homes—for not being able to keep people safe from day to day and recognize that it's a systemic problem and we have got to make the necessary changes.

The Chair (Ms. Soo Wong): Thank you very much, Ms. Rubin and Mr. Siemens. Thank you for your submission as well.

PROVINCIAL BUILDING AND CONSTRUCTION TRADES COUNCIL OF ONTARIO

The Chair (Ms. Soo Wong): The next group coming before us is the Provincial Building and Construction Trades Council of Ontario: Mr. Dillon, Mr. Donner and Mr. Armstrong—I think there are three of you here. Gentlemen, welcome. As you heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be from the government side. When you begin your presentation, please identify yourself and your position with your organization for the purposes of Hansard. Thank you.

Mr. Patrick Dillon: Thank you. My name is Patrick Dillon, business manager and secretary treasurer of the Provincial Building and Construction Trades Council of Ontario. With me is Arthur Donner, an economist who helped us put some numbers together for this presentation. Thank you for giving us the opportunity to present. Our council represents 12 affiliated local unions that represent over 150,000 construction workers in the province.

In our pre-budget deputation, we would like to focus on two specific areas of public policy in Ontario which we feel need to be strengthened. The first area is that of updating the provincial fair wage policy, and the second is in the area of infrastructure investments.

Let me start off with the fair wage. It is the firm view of our council that an updating of Ontario's fair wage policy is long overdue. I will speak specifically to the fair wage as it relates to the construction industry. We call on the provincial government to update and reactivate a fair wage policy to ensure that public monies are not spent in a way that is exploitative of the workers who contribute as taxpayers and otherwise to public investments and the community at large.

The fair wage for public works emerged from a concern that cutthroat competition over wages in the construction industry puts workers at risk in terms of health and safety and on a downward path towards low wages, low skills with no training, and low productivity.

The last fair wage schedules were revised in 1995 by order in council 773/95, which is still nominally in force. However, no revised rates have been established since then, and although the 1995 schedules are said to continue to be referred to in government tendering documents, the rates in the schedules are now effectively meaningless as a result of inflation, the increased cost of living and the other economic variables that have impacted Ontario's economy since 1995.

We propose that a fair wage system be restored and strengthened so that:

—the Ministry of Labour is required to establish fair wages for the industrial, commercial and institutional, sewer and water main, and road and heavy construction sectors of the construction industry in Ontario in accordance with the identifiable prevailing rates for those sectors in the various regional areas of the province;

—fair wages be determined by such periodic surveys by the Ministry of Labour as are required of the identifiable prevailing rates in the various regional areas of the province in the four sectors described above, and that such comparable remuneration take into account not only the wage rates but all accompanying benefits;

—the fair wage rates established by the Ministry of Labour be applicable to both employees and independent contractors engaged by contractors and subcontractors in the four sectors by all government ministries; all government boards, agencies and commissions; and all entities in receipt of provincial government grants, subsidies, loans or other provincial financial support;

—the OIC require bidding contractors and subcontractors to comply with all applicable federal, provincial and municipal laws relating to employment, including the Employment Standards Act, the Occupational Health and Safety Act, the Workplace Health, Safety and Insurance Act, the Ontario College of Trades and Apprenticeship Act and the Access for Ontarians with Disabilities Act;

—the OIC provide for adequate enforcement proceedings similar to those found in the US Davis-Bacon Act and in the fair wage bylaw of the city of Toronto, including provisions for regular reporting by contractors and subcontractors, periodic inspections and audits by the Ministry of Labour, and penalties for non-compliance; and

—the Ministry of Labour reserve the right to evaluate the past performance of contractors and subcontractors in assessing their bids, including the right to disqualify

those that have a history of non-compliance with the provisions of the OIC.

When wage inequality is substantially removed from the picture, the result is fair competition based on productivity improvements, an enhanced training system, improved output and reduced costs due to vastly enhanced health and safety records.

The premise that a fair wage increases costs to government is a faulty one because it fails to take into account productivity gains, better safety, the importance of skills training, community development and other significant effects contributing to overall costs. This was certainly the conclusion in the Economic Policy Institute report which you may reference in appendix B.

An updated fair wage would help raise the standard of living for thousands of construction workers in Ontario and would contribute towards something that all three major political parties have publicly repeated, particularly around election times, declaring to work towards building a stronger middle class.

Now, I'll turn from the fair wage and talk about infrastructure investment a little bit.

Our council is supportive of continued government investments in infrastructure. We welcomed the Premier's $130-billion announcement over the next 10 years, and we recognize the substantial investments that have been made to date. At the same time, however, Ontario is facing a daunting infrastructure deficit to the tune of $49.2 billion, or 40% of the $123-billion backlog nationally, according to the Federation of Canadian Municipalities.

A study by the Canadian Centre for Economic Analysis suggests that the recent historical average of investing 3.1% of Ontario GDP towards infrastructure is insufficient to meet our province's needs. The centre proposes a 5.1% of GDP figure to achieve optimal economic benefit to the province.

Our council recommends to the committee that the province of Ontario increase its public infrastructure investment by $1 billion per year to a total of $13 billion for 2015-16, less than the optimal level recommended by the Canadian Centre for Economic Analysis. This $1-billion figure represents approximately one half of the funds needed to reach the optimal level based on the centre's study, but we feel that it is still sufficient to accelerate infrastructure renewal across the province, considering the magnitude of our current infrastructure renewal needs. In fact, our council estimates that such an investment would create 16,700 new jobs. If leveraged correctly, these jobs can help alleviate youth unemployment and diversify our workforce by bringing opportunities to women, aboriginals, returning veterans and reservists.

You might think that we're pushing this for construction, and we are in a sense, but the fact of the matter is that construction trades actually rank fifth in terms of the employment generated by infrastructure investments.

1600

Just ranking them quickly, the number one benefit in jobs is in clerical occupations; two is middle- and other management occupations; three is intermediate sales and service occupations; four is elemental sales and service occupations; and five is trades and transport, which would be the construction jobs.

We're not ducking the fact that we're interested in creating jobs, but we really believe that infrastructure investment is necessary.

Moving beyond what we heard in the last election, we think that it's important that we close that gap from what is committed and what the optimal amount is.

I think that if you look at the history of the construction sector, there is no time better for building infrastructure than the present. Waiting and going through the costs of a system that degenerates actually costs you more money down the road. You'll pay at the time and you'll pay as you go forward down the road more. The optimal time for infrastructure investment is as much as you can handle at the start, which is now.

Thank you.

The Chair (Ms. Soo Wong): Thank you very much, Mr. Dillon. I'm going to turn to Mr. Milczyn to ask you the first questions.

Mr. Peter Z. Milczyn: Thank you very much, Mr. Dillon, for your presentation and for the work that your members do every day helping to build up this province, which is certainly the intent of this government, which is to build up this province.

As you mentioned, our $130-billion, 10-year plan on infrastructure is only beginning to get to that 5% benchmark of GDP that the OECD considers to be the optimal amount of infrastructure spending.

I'd like your comments on the lack of a federal/national housing strategy and a federal/national transportation strategy, and how those gaps, if they were filled by the national government, the federal government, could assist us in bringing Canada's and Ontario's infrastructure up to where it should be.

Mr. Patrick Dillon: I'm going to ask my friend to comment on that a little bit. But I would say first off, up front, that I believe that the federal government should be spending more money on infrastructure in the areas—on all infrastructure, actually—that you've talked about. I don't think that the province, if we're trying to build the kind of communities that we want to live in and raise our families in and educate our families in, and so on—I don't think that what somebody else is doing wrong should be the formula for what we should be considering, as a province, to go forward.

I understand the financial side of that, and I think that maybe, as we go forward in the next few months, you may hear some different commitments from the federal government along the lines that you're talking about. But the only people I can really talk to today is the government here in the province of Ontario. We encourage you to make those expenditures.

Would you have any comment, Arthur?

Mr. Arthur Donner: Sure. When Pat asked me to take a look at the infrastructure numbers, I was astonished to see the degree to which, number one, actually,

the Ontario government has stepped up, and number two, the federal government has completely retreated, so that in recent years within Ontario, the Ontario government itself accounts for 88% of expenditures and the federal government is down to 12%. The ideal ratio would have the federal government up to 40%. So I quite think your question is the appropriate one.

I'd like to just add another point. If you're going to be spending on infrastructure, which is a long-term investment—it has both economic and social returns—what time could be better than when interest rates are so low?

Mr. Peter Z. Milczyn: I think one of the things I was getting at is the $11-billion-a-year gap between what Ontarians send to Ottawa in taxes and what we receive back. Easily, that $1 billion additional that you mentioned could come in that.

I wanted to shift tack a little bit. You've been engaged quite a bit with the Ministry of Labour over the last year—or, I'm sure, over many years—on issues related to workplace health and safety. As you know, this government made some good steps in terms of expanding the coverage for workmen's compensation for part-time workers, student workers and so on. Could you tell us a little bit about the progress you've been making with the government on improving workplace health and safety?

Mr. Patrick Dillon: Yes. I started the day this morning on that very subject with our industry representatives, both employers and unions, with the Chief Prevention Officer, which was set up because of the Tony Dean report, the result of workers losing their lives on Kipling Avenue on Christmas Eve five years ago.

There has been some activity that has taken place. We are working pretty closely with the minister and with the Chief Prevention Officer. I actually sit on the prevention council itself. But I guess maybe I'm impatient, because I see where the numbers come down, which is a good thing, hopefully—the numbers are coming down for the people being injured, but the numbers are not coming down for the people who are being killed. Actually, the numbers are trending the right way on the injuries side, but the wrong way on the deaths side.

We're working closely with the minister. We think that that's part of the argument for upgrading the fair wage. If it's a level playing field for the employers to bid work on, they will maximize their employment opportunities by increasing their productivity and by working their crews safer. The real profit-makers in this province and in this country, the people with the highest spread in profit, are the ones that have the best health and safety records. We think that that is ample argument, part of the argument, to push forward with fair wages.

The Chair (Ms. Soo Wong): Thank you very much, Mr. Dillon and Mr. Donner, for your presentation and your written submission.

CONSULTING ENGINEERS OF ONTARIO

The Chair (Ms. Soo Wong): The next group coming before us is the Consulting Engineers of Ontario. I believe Mr. Barry Steinberg—oh, now there are a couple of you—and David Zurawel are coming forward.

Good afternoon, gentlemen. You probably heard you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be from the official opposition party.

You may begin any time. When you begin, please identify yourself and your position in your association for the purposes of Hansard. Thank you.

Mr. Barry Steinberg: Good afternoon, Madam Chair and members of the committee. Thank you very much for the opportunity to speak to you.

We are speaking to you today, of course, as a deputation towards Ontario's 2015 pre-budget consultations. My name is Barry Steinberg. I'm the chief executive officer of Consulting Engineers of Ontario. With me is David Zurawel, our manager of stakeholder relations.

Consulting Engineers of Ontario, CEO, is a non-profit association representing approximately 200 engineering firms employing more than 20,000 Ontarians. Our mission is to promote a sustainable business environment for our members, which we firmly believe is in the best interests of the people of Ontario.

Our members provide a wide range of engineering services to the government and to the private sector. Our members' professional staff are not just engineers but also technicians, technologists, geoscientists, architects, planners and the like. Through their service offerings, CEO member companies directly impact the economic, social and environmental aspects influencing Ontario's quality of life.

CEO's objective is to be a trusted partner and solutions-provider to government, the policy maker and legislator, and government, the client.

CEO responded favourably to last year's budget, which made an unprecedented commitment to a long-term vision for infrastructure construction and rehabilitation across the province.

1610

We've long held that investment in core infrastructure stimulates economic activity and growth; it creates jobs. We all know that investment as a result of sound long-term planning will create its own tax base.

Where last year's budget emphasized planning for our future success, we anticipate this year's fiscal plan to focus on implementation—how we spend the money of the people of this province. The current realities of lower-than-projected economic productivity and job growth have taken their toll on provincial revenues. This means now more than ever that stable investment and value for taxpayer dollars are crucial to Ontario meeting its pledges as outlined in the Building Ontario Up agenda.

With this in mind, our deputation makes two recommendations for government to consider as it prepares its budget for 2015. First, all core infrastructure investment should be protected by dedicated revenue streams. Second, the government should adopt a qualifications-based selection procurement model, the best practice in

professional services procurement, to be used in concert with its current policy of alternative financing and procurement, better known as AFP.

Mr. David Zurawel: Speaking to our first recommendation, CEO was pleased to see last year's budget introduce two new dedicated funds for investment in transportation infrastructure across the province, totalling $29 billion over the next 10 years. We believe that strategic long-term infrastructure commitments must be supported by dedicated revenue streams. This is the only way to ensure adequate resources are kept available for capital asset construction, operation and maintenance and decommissioning, especially during difficult economic times. All too often, governments without such dedicated funding streams find themselves pressured by competing capital interests, bleeding away such needed money from investments crucial to our quality of life, economic competitiveness and future prosperity. That is why CEO is strongly urging the government to extend the creation of dedicated revenue streams to all core infrastructure investment. Transit and transportation assets are vitally important because they move goods and people to support our economic prosperity. It is equally important that the assets supporting the foundations of our communities, such as water and waste water, be supported by full-cost pricing as dedicated sources of revenue.

While dedicated investment revenues are important, equally critical is that we ensure the greatest value of our tax dollars. This brings us to CEO's second recommendation: the adoption of qualifications-based selection as the procurement model for the government of Ontario.

Mr. Barry Steinberg: CEO recognizes that the government of Ontario has invested significant time, effort and resources to develop the AFP procurement model as the heart of its core infrastructure policy. In our comments last year responding to the provincial Auditor General's report, CEO stated the importance of recognizing the significant role AFP has played in the construction of a substantial amount of public infrastructure over the last eight years, vital infrastructure that otherwise might have not been constructed.

That said, we have also stated that while AFP can be successful, it is not a panacea. In fact, a substantial amount of provincial infrastructure work is delivered through traditional means. We also know that every design and construction project is unique, having its own set of characteristics and challenges. In light of this, there are times when an alternative to AFP will be necessary.

CEO is urging the government of Ontario to adopt qualifications-based selection, or QBS, as this alternative model of procurement.

QBS was born as part of the 1972 Brooks Act, passed into law by the United States Congress to protect taxpayer interests when it came to federal capital infrastructure investment. Today it is being used in 44 of 50 states. QBS is a process mandated by the act where engineering firms submit their qualifications to a competitive process conducted by the project owner. The owner assesses the experience of the competing firms based on qualifications such as knowledge, skill, experience and project-specific factors, and then the most qualified firm is selected to negotiate a project scope of work and a price for the project. Rather than placing an up-front emphasis on fees, QBS delivers savings through design innovation, quality and planning.

The fundamental concept we are discussing here is value. Over the life cycle of an asset, engineering-related services account for approximately 1.5% of the total life cycle costs of an asset. Yet these services play a major role in determining the other 98.5% of the asset's life cycle costs, as well as the quality of the completed project. Because the QBS process very early on has the client and the engineer specifically define the project scope of work, it removes the majority of typically unknown variables that can present themselves during the completion of a traditional project. This well-defined scope of work provides more certainty of construction, maintenance and operating costs, offering greater savings to the client.

At the heart of the QBS model is its encouragement of innovation, which leads to overall cost-saving alternatives. It provides a flexibility for engineers to consider a variety of options in concept, approach and interpretation, which leads to better design, project quality and ultimately savings focusing on the life of the asset.

The QBS philosophy is founded on accountability, calling for sound business judgement, for actors to be responsible stewards of public funds, the application of due diligence and the use of strategies that maximize value to the client. Also essential for success are ethics and impartiality, ensuring an open and fair environment that treats all stakeholders equally.

We believe that Ontario is on the cusp of making a very important decision to adopt QBS, and we want to encourage a provincial decision be made as soon as possible.

Late last year, Metrolinx announced two QBS pilot projects. We applaud the agency's leadership for taking this step, for committing to find new means of not only delivering value for taxpayer dollars invested by bringing projects in on time and on budget, but also for recognizing the equally important value of quality design and innovation—words that are defined very differently in the AFP process.

The first pilot project is for the multi-level parking structure at the Rutherford GO Station. The second is much larger: the electrification of the GO Transit corridor. These are truly exciting times for Ontario. However, we believe the case exists for expanding the QBS test beyond transit infrastructure and into other complex core projects. Important for Ontario to consider is that many of the jurisdictions with which we do business, such as New York, Michigan, Ohio and Pennsylvania, all use QBS. So too does California, another jurisdiction against which we like to benchmark ourselves in terms of cutting-edge technologies, economic development and innovation, and, more recently, the environment.

Ladies and gentlemen, QBS works. It can work well for Ontario because:

—It results in lower overall costs for projects. Good design reduces change orders during construction and can minimize long-term maintenance and operating costs.

—It serves to safeguard the public interest by ensuring public safety by focusing on the qualifications of those doing the work, rather than on lowest price.

—QBS benefits small firms by helping them compete. The qualification and selection process permits them the opportunity to more readily compete against larger firms. Remember that 80% of Ontario businesses are small businesses.

And, lastly, it works because QBS promotes better communication and technical innovation. Ontario as a client benefits from a better project that has been fully thought through. It benefits from innovative and creative design and use of materials, and time-saving approaches to problems. QBS places the engineer and government, the client, as partners in success, and that will impact your budgets for years to come.

Thank you very much for your time and attention today. I'd be happy to entertain any questions.

The Chair (Ms. Soo Wong): Okay. I believe Mr. Arnott is beginning the questioning.

Mr. Ted Arnott: Yes. Thank you very much for your presentation, gentlemen. It was very interesting.

The QBS—qualifications-based selection—model has been around for years. Why has Ontario been so slow to catch on and take it up?

Mr. Barry Steinberg: It is essentially—how can I put it?—the horror, if you will, of not picking the lowest price. Assuming the first price you see, which is essentially the engineering or the architect's price—it's the first thing you see, and if you don't pick the lowest price, there is the idea out there that you're not getting value for money, and it's simply not true.

1620

Mr. Ted Arnott: And yet 44 states out of 50 mandated on their projects—

Mr. Barry Steinberg: All federal projects through the Brooks Act, and 44 states have adopted it through their own state acts.

Mr. Ted Arnott: Okay. What about other Canadian provinces?

Mr. Barry Steinberg: Not fully. There are some cities that have. I think the best example is the city of Calgary. I know that the province of Alberta is looking at it but I'm not sure where they are at this point.

Mr. Ted Arnott: But Metrolinx is now catching on, and you would recommend that the province of Ontario follow the lead.

Mr. Barry Steinberg: Absolutely.

Mr. Ted Arnott: Okay. Thank you very much.

Mr. Barry Steinberg: Thank you.

Mr. Ted Arnott: Did you want to—

Mr. Victor Fedeli: Thank you very much. I appreciate it. Welcome, gentlemen. I wanted to talk to you about a comment you made about dedicated funding streams. There is another dedicated funding stream, first of all, from the federal government, called the gas tax, where each and every municipality in Ontario receives their equal and fair share of gas tax. In Ontario, out of the 444 communities, only 93 currently receive gas tax. The criterion is that if you have transit. Smaller communities without a bus system would consider their roads and bridges to be their transit. Our party has year after year brought the gas tax as a private member's bill. Is that something that would give a dedicated funding stream to each and every one of the 444 municipalities?

Mr. Barry Steinberg: I think, of course, it depends on how the qualification of the gas tax is laid out for the other municipalities. We have stayed away, as an organization, from which revenue-generating mechanisms are used; we applaud any of them. What we're concerned about is not having them dedicated, because if you don't dedicate them, the money gets lost. If it's gas tax for transit or gas tax for transportation, yes. If it's gas tax focused, for some reason, on water, then, yes. As David mentioned, we're believers in full-cost water pricing, but we don't want those revenues to disappear into a pool. We want them to be dedicated, for example, to water infrastructure relief.

Mr. Victor Fedeli: We agree, by the way. If it's a gas tax that is used in 93 communities for transit, it should be used in all 444 for transportation, roads, bridges.

I want to shift gears to something we didn't talk about today, but we've talked about it in the past. I certainly have talked about it in the Legislature, and it's the old Bill 6. Bill 6 talks about infrastructure investment but it specifically mentions architects and it does not mention engineers. Can you explain your position on that and if you have any specific ask on that?

Mr. Barry Steinberg: Yes. Actually, I'm quite happy you asked that question because I'm going to answer your question and then I'm going to use it for something else, if you don't mind.

Mr. Victor Fedeli: I don't mind at all.

Mr. Barry Steinberg: Yes. You probably heard us yelling when we read the initial Bill 141, when we were not mentioned. It's not a matter of architects versus engineers; it's a matter of—if you look at the amount of infrastructure that's out there, most of it is not vertical; much of it is linear, whether it's water or roads, not to mention that engineers play a role. Having key input into infrastructure development and into the development of the regs after the act just doesn't make any sense, and we let the government know that very strenuously.

When Minister Murray was Minister of Infrastructure and Transportation he assured us, and now Minister Duguid assures us, that the wording in that bill will be changed and that it will mention engineers. It's very important to us that we are very much a part of helping develop the regulations that will give that bill some teeth. That's really critical for us.

Now I want to, if I may, just allude to some words that are in that bill, words like "innovation" and "quality" and "evidence-based decision-making." Those words are very important because if you take those words to heart and you think about them, you will think about QBS. The

decision will make sense. We are looking forward to playing a more prominent role in the development of all the wording behind that bill.

The Chair (Ms. Soo Wong): Thank you very much, gentlemen, for being here, and for your written submission.

ONTARIO HEALTH COALITION

The Chair (Ms. Soo Wong): The next group is the Ontario Health Coalition. I believe Natalie Mehra is here. Welcome. Good afternoon. As you've probably heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be from Ms. Fife. Please begin your presentation by identifying yourself and your position for the purposes of Hansard. Welcome.

Ms. Natalie Mehra: Thank you, Madam Chair. My name is Natalie Mehra. I'm the executive director of the Ontario Health Coalition. Our mandate is to protect public medicare under the principles of the Canada Health Act.

As I was writing our submission, I realized that a substantial portion of Ontario's hospitals would be, at any given moment, on "code gridlock." That means that all the beds are full. That means that surgeries are being cancelled because there's nowhere to discharge patients after surgery. It means that the emergency departments are full to overflowing, that ambulances often have to wait to off-load their patients and that all staff are expected to work feverishly to discharge patients, ever-quicker and sicker, however they can.

The president of the Canadian Medical Association noted in a speech in November that his hospital, Kingston General Hospital, was on code gridlock for 18 days in October. When he was speaking in mid-November, his hospital had been on code gridlock for 25 days consecutively, this despite the fact that that hospital meets or exceeds the provincial government's benchmarks for so-called efficiency measures like patient throughput; that is, how fast you move patients out of the hospital.

In fact, the cuts that are happening to Ontario's hospitals are devastating. The depth of the cuts at this point is truly shocking. Here is a recent summary of the cuts that have happened just over the last few months:

In Leamington, birthing and maternity services are slated for closure. At top speed, it takes 45 minutes to travel to Windsor in perfect traffic and weather conditions. There is no question that women will be unsafe being forced to travel to Windsor to give birth. If you can imagine, women on this committee, travelling an hour or more in a snowstorm to give birth—this is not a reasonable cut to service for a hospital in a community the size of Leamington.

Moreover, the Windsor hospital is full. There is no place to put patients. In fact, patients are being birthed not in proper maternity rooms right now in Windsor. There is no planning for where the women are supposed to go when these services are cut. In fact, the Windsor hospital is frequently full, and the Essex county EMS reports in its 2014 budget report that ambulance off-load delays at the Windsor hospital continue to be a persistent and significant burden on the EMS.

The next-closest hospital to Leamington is Chatham. That hospital is also full. It takes an hour in good weather with no traffic to get to Chatham. Chatham itself has recently suffered severe cuts. In 2013, Chatham hospital announced that it was closing 22 beds; that is, one in every 14 remaining beds in that hospital closed down. In fact, Chatham hospital is itself overburdened because they cut the Wallaceburg hospital just prior to that. All of the remaining complex continuing care beds, labs and endoscopies were cut and closed in the Wallaceburg hospital. That hospital is now down to five beds in the emergency department. You get the picture.

In New Liskeard, in the late fall, it was made public that the operating room would be closed 50% of the time and 18,000 hours per year of nursing care were to be cut.

In Timmins, the hospital plans to cut 26 of its remaining beds. That's 16% or one in every six beds in the Timmins hospital to be cut, as well as physio and 40 staff positions.

In North Bay, the mental health rehabilitation unit is closing, including eight beds. There are no community services to provide the level of care required by these patients. They will end up in the emergency department of that hospital, which is already overburdened. In addition, more than 56 staff, including more than 50,000 hours of nursing care, are being cut.

In Sault Ste. Marie, 50 hospital beds, 12,500 hours of nursing care; in December all of the remaining beds in the Penetanguishene hospital were cut and closed. That community has had charitable or public hospitals in it since the 1600s but today were told, "We can no longer afford a public hospital in Penetanguishene."

1630

In the Georgian Bay General Hospital, which is the amalgamation of Penetanguishene and Midland, 36 complex continuing care rehab and palliative beds were cut. That's 30% of the remaining hospital beds, or one third, being closed down despite the fact that both those hospitals were at 100% capacity.

In December, the endoscopy unit at the Charlotte Eleanor Englehart Hospital in Petrolia was closed down. In the fall, the Huron Perth Healthcare Alliance—that's Stratford, Seaforth, Clinton and St. Marys—closed 17 beds across the alliance, centralizing the remaining acute care beds into Stratford and leaving more of a proportion of the beds, the more unstable beds, the beds that are likely to be cut in the future, in the smaller hospitals. You can see what they are setting up to do down the road.

We are hearing that devastating cuts are coming once again to Trenton and Quinte.

These are not the only cuts. These are only the cuts that have been announced in the last couple of months, the last two or three months.

In the last year, the Scarborough Hospital made public its plans to close 20 surgical beds, two operating rooms, thousands of surgeries, out-patient clinics and tens of thousands of nursing hours. The Ottawa Hospital cut 290

nurses, health professionals and support staff, more than 500,000 hours of patient care, 16,000 cataract surgeries. Out-patient physio at Markham was closed.

There are major cuts at the Winchester District Memorial Hospital. Cuts happened all across Renfrew, Perth, Smiths Falls, Arnprior and all across southeastern Ontario. In addition, the Wingham hospital has also faced major cuts.

In fact, from the largest hospitals in Ontario to the smallest rural community hospitals, the cuts in Ontario are unprecedented and devastating. In fact, Ontario hospital budgets have been kept at below the rate of inflation now for more than seven years.

Since 2012, Ontario global budgets for hospitals have been frozen. That means in real dollar terms, hospitals have been cut for seven years in a row. That is the longest hospital restructuring and cuts of any time in our province's history.

Lest you believe there is somewhere for all of these patients to go, the wait-times for long-term care show otherwise. In the Erie St. Clair CCAC—that's where all the cuts are down by Windsor, Leamington, Chatham, Wallaceburg etc.—2,015 are on wait-lists for long-term care. Champlain—that's southeastern Ontario, where the huge cuts happened in Ottawa, Renfrew, Perth, Smiths Falls etc.—7,163 people are waiting for long-term care. In the North East CCAC—that is Timmins, Sault Ste. Marie, North Bay, all of those cuts—1,377 people are waiting for an initial placement and 723 to get into their preferred home. In the North West CCAC, 872 people are waiting.

So just in the four CCACs covering the four corners of Ontario, there are more than 11,400 people waiting for long-term-care placement.

The impacts have been, of course, disproportionate on small and rural hospitals. While we had achieved a moratorium on the wholesale closures of entire communities' hospitals four or five years ago with the closure of Penetanguishene's hospital, it appears that this moratorium has been lifted and yet there is no policy to guide this in Ontario. There is no planning. There are none of the norms of measuring and attempting to mitigate patient risk, of planning a health care system to provide for patient need, for population need for care—none of those are any longer being undertaken.

We are extremely concerned now that potentially dozens of small-town hospitals are at risk for total closure. Indeed, in Niagara, the plan is to close five entire community hospitals in towns as big as Welland, which has 50,000 people.

There is nowhere in Canada where governments are closing hospitals in towns that are full—by the way, overfull, more than full, patients on stretchers in hallways every day—in towns of 50,000 people. It's reckless. There is no policy to support it; there is no planning to support it. The hospital cuts must stop.

The Chair (Ms. Soo Wong): Ms. Mehra, can you wrap up your presentation so that Ms. Fife can ask you some questions?

Ms. Natalie Mehra: That's good. Thank you.

The Chair (Ms. Soo Wong): All right, Ms. Fife, it's your turn to ask questions.

Ms. Catherine Fife: You know, Natalie, I don't even know what to say. We've been travelling around the province for the last two weeks. I wish I could say that the numbers that you are using are a shock to us. They are, in some respects, because you've gone through the numbers, the scope of it.

In the 2014-15 so-called progressive budget, there was supposed to be a small increase to health care funding and a "hold the line" on it. What we're hearing is completely the opposite in this province around health care.

It's true: A flatlined hospital budget is a cut, because it is not keeping pace with the growing needs in those communities.

Your numbers in particular around long-term care and the wait-lists for long-term care across the province—I haven't seen these numbers consolidated in one report yet. As you know, there is a home care report that's supposed to come forward this Saturday, the deadline for deputations—it's going to be reporting back this week—and the Auditor General is auditing CCACs.

What should the province do with regard to the budget and reform around, in particular, home care? Because we're at a crisis with home care and long-term care.

Ms. Natalie Mehra: In Ontario, hospitals are not allowed to refuse patients entry, right? They're not allowed to say, "You can't come in the front door unless you have money." However, hospitals are required now to discharge patients, ever quicker and sicker, regardless of whether or not there is care in place for them. If hospitals are forcing patients out the back door, with no care in place, it's the exact same thing as not letting them in the front door in the first place.

Ms. Catherine Fife: For sure.

Ms. Natalie Mehra: (1) The incentive to kick patients out, without care in place, should be removed. There should be a regulation that bans hospitals from discharging patients unless there is care in place.

(2) They have to fund hospitals to meet population need, and they actually have to measure—the government must measure—population need, like every jurisdiction that has a public health care system does. Only Ontario does not. The last bed study that was done was in the mid-1990s, under the hospital restructuring commission. Since then, there has been no plan whatsoever. Dealing with just measuring and trying to develop a system to meet population need would be good.

The CCACs are not required to meet population need for services. While they are getting a lot of the flak for not doing that—a lot of the criticism may be valid, but that one is not. That is the government's decision, to ration home-care services, and it's government policy. The government is accountable for it, not the CCACs.

Ms. Catherine Fife: I just want to give you a chance to talk a little bit about privatization. It has been suggested to us, through several delegations—even the RNAO earlier today talked about the creeping of

privatization of services—not just the capital, the P3s, but the actual health care services.

So when you see all of these closures—people really feel that this is intentional, that the government is creating a private market for health care services. Do you want to comment on that?

Ms. Natalie Mehra: Whether intentional or not, a private market for health care services is being created. Every service that has been cut from public hospitals is privatized.

Outpatient physiotherapy has been cut all across Ontario. If you don't have it in your local public hospital, you have to seek it out in a private clinic. There are huge waits for OHIP-covered physio. In a private clinic, it costs $70 to $100 for your first assessment, and $50 to $70 for every treatment thereafter. That's a huge burden for people getting physio two or three times a week, to recover from surgery or a stroke or what have you.

Chiropody, privatized; speech language pathology, huge wait-lists: If you want it publicly, you've got to pay for it privately.

Now they've got a plan to cut surgeries and diagnostics from public hospitals and contract them out to private clinics, despite the fact that the private clinics that exist, like the cataract clinics in Ontario, are charging a whole array of extra fees, from hundreds to thousands of dollars, on top of billing OHIP for the same services, upselling them to patients, telling them that they show medical efficacy, for which there isn't proof, to rake in the profits.

The Chair (Ms. Soo Wong): Thank you very much for your presentation, and thank you for your written submission as well.

Ms. Natalie Mehra: Thank you.

1640

ONTARIO UNDERGRADUATE STUDENT ALLIANCE

The Chair (Ms. Soo Wong): Our last presenters are the Ontario Undergraduate Student Alliance: Sean Madden. Welcome, Sean. As you heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be coming from the government side. You may begin at any time. Please identify yourself and your position with the Ontario Undergraduate Student Alliance.

Mr. Sean Madden: Thank you to everybody on the committee for having me here today. I know it's a pretty gross day, so I'll try to be under the wire in terms of time so everybody can get home safety.

My name is Sean Madden. I am the executive director of the Ontario Undergraduate Student Alliance, affectionately known as OUSA. OUSA is an advocacy and research organization representing the interests of nearly 150,000 undergraduate and professional students at seven institutions across Ontario. Our mission is to provide educated solutions to issues of accessibility, affordability, accountability and quality in our university system.

Our submission to the committee builds on July's throne speech, in which the government reiterated its commitment to grow the economy and support all people of the province by investing in education and the skills necessary for new growth. Indeed, education remains a key strategy for fostering innovation and stable economic growth in the province.

Further, education remains an important social equalizer and offers significant personal and social benefits. Investments made in education and the people undertaking education, then, are just that: investments. In that vein, I am here today to offer OUSA's recommendations for the 2015-16 provincial budget.

OUSA's recommendations for the majority of this submission strive for cost neutrality and seek to more efficiently use existing resources where possible. Overall, we feel that these suggestions are investments in creating a system that benefits all of the province. Our submission to the committee, the Ministry of Finance and other stakeholders is focused around, unsurprisingly, student financial assistance, student health, infrastructure and university performance funding.

Beginning with student financial assistance, of course, you're likely to hear from us that student financial assistance is crucial to many students' participation in post-secondary education. Ontario makes significant investments in student aid, and the aid program has many components that we can all be proud of.

However, there is one considerable investment that Ontario makes in student aid that could be better used through other programs. I've spoken to many members of the committee about this, so it's perhaps not surprising that I'm here again talking about post-secondary education and tuition-related tax credits. These credits are available to every student who participates in an accredited college or university program. Credits are accrued through a combination of a monthly flat amount and a percentage of their tuition. Credits are non-refundable, meaning that they cannot reduce a person's taxes below zero and require a certain level of earnings before being redeemed. Credits can be used in the year of issuance, carried forward for future use or transferred to a family member.

The province invests significant amounts in these credits—roughly $330 million to $340 million in each of the last two years. However, these credits are often not well understood, and the vast majority of students do not earn enough money in the year that the credits are issued to have them take effect. Instead, they pass them forward or on to family members.

Unfortunately, while credits are nice in the years when one starts earning money, they tend to degrade in value the longer you wait to redeem them. Some of that problem is simple inflation or lost opportunity cost, as they are based on the value of tuition in the year they are issued, and $1 in 2015 is not $1 in 2019. However, if you're simultaneously servicing debt that could have been avoided while waiting to realize these credits, they further lose value. Credits instead tend to benefit those

families with higher incomes, both in the long run and in the year of issuance, with those families in the top income quartile claiming credits in amounts nearly four times those in the lowest in the year of issuance. Further, the credit has a hand in reducing the effective tax rate of those with higher income, making it extra impactful for higher earners.

Instead, OUSA suggests that the government should cease issuing these tax credits and, as savings are realized while honoring outstanding credits, reinvest that money into existing aid programs. OUSA recommends that the government commit to reallocating up to the $340 million budgeted for these credits in the 2013-14 fall economic statement and consider reinvesting in the following programs: removal of the interest on the Ontario portion of student loans; adjustments to the expectations around parental contributions; adjustments to the Ontario Student Assistance Program living allowance; and expansion of eligibility for the 30% Off Ontario Tuition Grant. I can think of few public policy decisions that would have the public understanding and impact of reducing interest or allowing more access to OSAP and the 30% off grant for middle-class students and their families.

Moving on to infrastructure, the physical spaces in which learning occurs can sometimes be nearly as important as what is being taught in them. Unfortunately, Ontario's universities are facing some challenges brought on by aging infrastructure, rapid growth and changing use of space.

Space per student has been increasing at just a little over half the rate of enrolment growth in the province. Furthermore, space is often not keeping pace with priorities of students and governments, including student services and supports; health, wellness and recreation; and adaptive or innovative learning spaces.

Audits of infrastructure at Ontario's universities report more than $2 billion in deferred maintenance. The average age of a university building in Ontario is nearly 35 years old, and more than 35% of university buildings are over 40 years old. Some estimates have put the number of university buildings in poor condition at over 40% of the total. While the province's announcement that it would be spending $500 million to address deferred maintenance over 10 years was certainly a welcome announcement, there are some suggestions that OUSA would make in this submission to ensure that that investment and other infrastructure investments are most impactful.

The first thing put forward in our submission is to earmark, either through new funds or, understanding the current fiscal climate, through existing funds, an envelope of funds within university budgets to be only used for deferred maintenance. For years, universities system-wide have had an annual $17 million earmarked for ongoing maintenance. The additional funds budgeted for this year and the next nine bring that amount up to about 0.25% of the current replacement values for the buildings that comprise the university system. However, best practices in this area suggest committing at least 1.5% of the current replacement value to preventative and ongoing maintenance. OUSA suggests that universities have funds sufficient to that goal earmarked for maintenance.

Building on the importance of addressing the deferred maintenance problem at our universities, OUSA further suggests that a portion of planned or new infrastructure funding for universities be distributed as part of a matching program that encourages donors to invest in the retrofit and upgrade of existing buildings in order to give these important projects more comparable billing to new builds. As you're probably well aware, fixing the HVAC in a building is not nearly as sexy as cutting a ribbon in front of a new building, but is probably as important.

In a similar vein, OUSA feels that existing performance funding and reporting funds could be better used to support behaviours that merit a system-wide effort by universities. These funds total nearly $120 million annually but are rarely withheld and rarely require significant activities to earn. Let's really align these funds with things that we want system-wide. For example, efforts by universities should be enhanced in the areas of work-integrated learning, co-operative education and community service learning, which have tremendous post-graduate benefits for students, preparing them for the job market and linking industry and education.

Credit transfer is another important area that can present significant savings for the province and for students. Whenever a student is forced to duplicate a portion of their education, it has very real costs both for the student, through tuition, associated costs and opportunity costs, and also for the government through the grants that it pays per student to institutions. University performance and performance funding should be measured on their efforts to provide for credit transfers and credit transfer supports to avoid this duplication.

Finally, student health and health care provision is an increasingly important component of university life. With nearly 70% of our youth attending a post-secondary education institution at some point, health care on campus, or facilitated partnerships with the community, is more than a student priority; it's an Ontarian youth priority. Where university and health support services are often the first to face cuts when there are budget crunches, OUSA feels that some funds should be consistently earmarked exclusively for these services, or otherwise university performance funding should be leveraged to encourage the availability of these services. Similarly, this is an important time and an important opportunity in the lives of youth to deal with preventative health practices around diet, active living, time management and that sort of thing. This might be a possible avenue for performance funding as well.

However, health care on campus remains a larger priority than what is possible through the Ministry of Training, Colleges and Universities. What we need is better integration with the Ministry of Health and Long-Term Care and on-campus health care activities. We

encourage the province to explore measures that might better include rostering of student populations between their home health care and the services they use while they are away in order to better have funding follow students around and address concerns about outside-care provision penalties that exist with family health teams or family physicians. Similarly, exploring the designation of on-campus health care as a family health team or community health care centre might provide integration with local resources while ensuring consistent funding for on-campus health care and also possibly bringing the community into campus health care centres when usage patterns allow it.

OUSA understands that meeting the government's deficit elimination targets will require a careful approach in the intervening budgets. To that end, we've attempted to keep our suggestions built around existing resources. However, we also want to use this opportunity to highlight post-secondary education as an important investment in the overall economic health of the province and its people and, so, worthy of some new investment in order to ensure access for students from all walks of life.

1650

Thank you for receiving our submission today. I welcome any questions that the committee might have.

The Chair (Ms. Soo Wong): Okay. Mr. Baker?

Mr. Yvan Baker: Thanks very much. I wanted to first of all thank you for coming in and compliment you on your presentation.

Mr. Sean Madden: Thank you.

Mr. Yvan Baker: I also wanted to say that I had a chance to meet with your representatives about a month or so ago, or two months ago. Their presentation was also quite impressive. You guys are quite organized. The paper you've put together here for us is quite well put together and articulately put together, but also evidence-based, so I compliment you on that.

Mr. Sean Madden: Thank you very much.

Mr. Yvan Baker: I wanted to say a few quick things. I think a lot of the issues that you've raised have certainly been recognized by the government. I know you've spoken to the tax credit issue, and I appreciate that input. Certainly, the amount invested in that was meant to drive accessibility, and I know that has been an important—when I knocked on doors in my community and when I speak to people, they appreciate the value of that. We'll take your feedback back on that as well.

Mr. Sean Madden: Thank you.

Mr. Yvan Baker: Also, I know that there has been a commitment in the previous budget by the government to increase co-op and work-integrated learning; so there's certainly a recognition by the government that these things are important.

What I wanted to ask you about, though, was to delve into a couple of things that you spoke about, if I can. I could ask you a lot of questions, but there are one or two that I want to touch on, if I can.

One is the role of performance measures and performance funding. Could you just talk about why performance measures are important and why performance funding is important?

Mr. Sean Madden: I think that—and this is probably no surprise, and it's probably not unique to the university sector—definitely the best way to incentivize behaviours of course is to have a carrot or a stick. Traditionally, carrots seem to have worked very well with universities. The university funding structure has traditionally been sort of a mismatch of program built on program built on program over the last 50 years, and so it has included some artifacts that include a very small envelope for performance funding and an even larger envelope to incentivize reporting.

That funding was welcomed to the universities and did result in some reporting behaviour, but has never been really leveraged as a true performance funding scheme in that, as far as I'm aware, nobody has ever not gotten it. Realizing that there's this pool of money available in the budgets that's intended to earmark behaviour and steer behaviour in a very responsive way, it already being part of the budget, it's our hope that it can truly be aligned to those priorities.

When you have $120 million annually, universities are going to want to chase that. We just need to make them chase it.

Mr. Yvan Baker: Okay. You've talked in your paper here in the latter pages about some of the things that you'd like funding to drive, some of the incentives that you'd like to create for universities. You talked specifically about work-integrated learning and challenges young people face in entering the labour market. I can certainly appreciate that. I myself had challenges entering the labour market. I have taught at York University for the last four years and I've certainly spoken with a lot of students who have faced that challenge. So we know it's a challenge.

Now, other than the work-integrated piece, which I think you've talked about here, are there other things that the universities can be doing to help young people enter the labour market successfully?

Mr. Sean Madden: Co-op is probably the best one that I can think of. I'm hesitant to say that the role of university should be entirely to align with labour market expectations. Universities are way too unwieldy for that, and it's probably an expensive avenue to go about that. So really, work-integrated learning programs are good in that they can incent employer participation and they can get employers involved in training, curriculum development and that sort of thing, so that seems the best avenue to kind of steer, from a labour market perspective anyway, that sort of thing. Generally, I caution against universities being the absolute answer for these things. I think employer training is more likely the thing to incent. That just seems like more bang for your buck. But there's a really unique experience and a job-preparedness experience that comes from work-integrated learning and bringing employers into the program in that way.

From a labour market perspective, my top thing probably remains WIL, but I think we could do a better job of expanding the definition of work-integrated

learning beyond the traditional co-ops. Some universities aren't equipped to do it very well. University of Waterloo is, of course, the titan in the co-op field, but other places are exploring some pretty cool things that are being done that aren't treated like traditional work-integrated learning, and so we could explore those as being important in helping students prepare to articulate what they've learned at university and to identify potential career strengths and interests. But let's broaden the definition a little bit.

The Chair (Ms. Soo Wong): Okay, Mr. Madden. Thank you very much for your presentation and your written submission.

Folks, that ends today's presentations.

Ms. Fife?

Ms. Catherine Fife: I just wanted to follow up on a research request from this morning. The Ontario farmers' association highlighted the fact that to date they haven't seen any funding for natural gas infrastructure and yet it was acknowledged in the 2014-15 budget. I'd like to find out if that funding has flowed and what is the mechanism for that, if possible.

The Chair (Ms. Soo Wong): Are you talking about the Ontario Federation of Agriculture?

Ms. Catherine Fife: That's right. Sorry.

The Chair (Ms. Soo Wong): Thank you.

Any other comments, questions? Seeing none, I'm going to adjourn the committee today till tomorrow morning at 9 a.m.

The committee adjourned at 1656.

Continued from back cover

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Présidente
Ms. Soo Wong (Scarborough–Agincourt L)

Vice-Chair / Vice-Président
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)

Mrs. Laura Albanese (York South–Weston / York-Sud–Weston L)
Mr. Yvan Baker (Etobicoke Centre / Etobicoke-Centre L)
Mr. Victor Fedeli (Nipissing PC)
Ms. Catherine Fife (Kitchener–Waterloo ND)
Ms. Ann Hoggarth (Barrie L)
Mr. Monte McNaughton (Lambton–Kent–Middlesex PC)
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)
Ms. Daiene Vernile (Kitchener Centre / Kitchener-Centre L)
Ms. Soo Wong (Scarborough–Agincourt L)

Substitutions / Membres remplaçants
Mr. Ted Arnott (Wellington–Halton Hills PC)
Mrs. Cristina Martins (Davenport L)

Clerk / Greffier
Mr. Katch Koch

Staff / Personnel
Ms. Susan Viets, research officer,
Research Services

CONTENTS

Thursday 29 January 2015

Continued on inside back cover

ISSN 1180-4386

Legislative Assembly
of Ontario

First Session, 41st Parliament

Official Report of Debates (Hansard)

Friday 30 January 2015

Standing Committee on Finance and Economic Affairs

Pre-budget consultations

Assemblée législative
de l'Ontario

Première session, 41e législature

Journal des débats (Hansard)

Vendredi 30 janvier 2015

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires

Chair: Soo Wong
Clerk: Katch Koch

Présidente : Soo Wong
Greffier : Katch Koch

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

http://www.ontla.on.ca/

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario

Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Friday 30 January 2015

Vendredi 30 janvier 2015

The committee met at 0900 in room 151.

PRE-BUDGET CONSULTATIONS

The Chair (Ms. Soo Wong): I'm going to call the Standing Committee on Finance and Economic Affairs to order. Good morning.

ONTARIO RESTAURANT HOTEL AND MOTEL ASSOCIATION

The Chair (Ms. Soo Wong): I believe the first presenter is the Ontario Restaurant Hotel and Motel Association. Good morning; welcome. Mr. Elenis, right?

Mr. Tony Elenis: Right.

The Chair (Ms. Soo Wong): Good morning. Mr. Elenis, just to give you some housekeeping items, you have 10 minutes for your presentation this morning, followed by five minutes of questioning. This round of questioning will be coming from the official opposition party.

You may begin any time. Please identify yourself as well as your position with the Ontario Restaurant Hotel and Motel Association. Thank you.

Mr. Tony Elenis: Good morning, everyone. My name is Tony Elenis. I am president and CEO of the Ontario Restaurant Hotel and Motel Association, also known as ORHMA. Thank you for the opportunity to speak to you today.

ORHMA is Canada's largest provincial non-profit industry association that represents the interests of Ontario's hospitality sectors.

I will be focusing my speech this morning on one subject. ORHMA has heard from its membership, and we are concerned about the impact that the implementation of the Ontario Retirement Pension Plan will have on our industry. It's not about revenue growth in the foodservice industry anymore; it's about the pressures on the expense lines.

Recently, we were asked: What is a normal profit margin for this industry? Let's analyze the trends, comparisons and key expense drivers to determine if Ontario is at par.

Recent years brought significant increases to specific cost categories that just happened to be the highest foodservice expenditures. As we all know, food commodities have skyrocketed, and with this category making up an average of 35% of total expenses, it has been a challenge.

The cost from utilities continues to escalate, hammering foodservice operators in an industry that ranks first in the highest energy-intense category. Conservation programs do help, but incentives applied to demand peak times are useless, as the industry operates at full throttle during the breakfast and dinner periods.

Then there is the minimum wage impact. Let me make this clear, this is not about raising the minimum wage or not. It's about the state of affairs in the industry.

You will see some graphs in your package; at the end, they are clipped to my speech notes. If you turn to exhibit 1 it shows the highest proportion of all minimum wage earners, at 39%, work in the hospitality industry. That's a huge weight.

Exhibit 2, the next graph, compares CPI increases to the recent minimum wage increases: four-year increases at 50% while CPI went up only 15.4%. Please make no mistake about it, the last recession, being hit with the strain of minimum wage increases, has changed this industry for a long, long time.

Let's now view the industry's performance: exhibit 3 on the next graph. The industry in 1990 performed at a 9.6% profit margin and dropped by 56% to 4.2% in 2013. Those are national averages.

The next slide, exhibit 4, illustrates Ontario's margins against the national average. Every single province—no matter how big or small; whether they are in the east or the west—performs at a higher profit margin than Ontario. The graph also shows the variance between Ontario and the national average widened from only 0.4% in 2001—the gap is increasing—to 1.4% in 2013. That's the latest data we have.

Consumer confidence and disposable income stimulate the economy more than many initiatives including governments issuing bonds. This simple economic case can be applied to the foodservice industry. Support for profit growth, not challenges, in this industry will result in investment, capital improvements and job growth benefiting the overall economy, including government revenues.

Exhibit 5 shows the correlation of the impact of foodservice margins to Ontario's youth unemployment. While operators have introduced every trick in the book to be sustained at those low margins we've seen, the impact of curtailing new hires with extreme cutbacks to

part-time employment is there. I hear that on the street every day. Historically, foodservice and the accommodation industry, along with retail, has been the highest recruiter of youth.

ORHMA's Ontario pension conclusions: A 1.9% increase to an industry operating at 33% labour costs is a significant new cost to absorb. There will be further restraining of hiring younger workers, and while the government aims for the well-being of Ontarians there will be unintentional consequences to employee benefits. Our members have told us that this will lead to trimming health benefit plans, such as prescription drug and dental plans, as these are typically managed and accounted under one profit and loss-statement department line.

Please do not get us wrong, a pension plan is good for society and it brings benefits later on. Our concern is that the hospitality industry has not recovered and we cannot afford this plan. A survey taken among our membership—and we have over 11,000 units across Ontario—overwhelmingly, in the 90% range, illustrates the huge concerns and fears. Many are living paycheque to paycheque to make ends meet. We call for improved dialogue with the federal government to achieve a win-win solution.

ORHMA's full budget submission on other important issues in the tourism and hospitality industries will be sent to the committee next week, but I'm now open to any questions about the industry. Thank you for your consideration.

The Chair (Ms. Soo Wong): Thank you very much. Before I turn the microphone to the opposition party for the questioning, I just want to remind you that all written submissions for the 2015 pre-budget consultations must be in by 5 p.m. today; okay? That's been public knowledge, so I just want to let you know.

Mr. Arnott or Mr. Fedeli? Mr. Fedeli, you may begin the questioning.

Mr. Victor Fedeli: Thank you very much. Welcome back, Tony. It's always a pleasure to hear from you.

This is very disturbing, when you hear that there is a higher profit margin amongst your industry in every single other province outside of Ontario. You talked about the fact that we have the skyrocketing energy rates, the highest payroll taxes in Canada, and red tape. Do you have any illustrations, whether anecdotally or factually, that talk about investment in this sector in Ontario versus other provinces, or around North America? Is there anything you can tell us about where people are investing their money in this sector?

0910

Mr. Tony Elenis: Thank you for the question. I have talked to operators who have built very superb venues in Ontario and in the GTA area for some time. Some of the names, which I'm not going to mention today, are well known out there. They would welcome a meeting with government to talk about how they are now investing in Florida and pouring a lot of money into some very fancy, superb venues and establishments because there is no return of investment in Ontario. It's a struggling way of operating today and regulatory barriers have a lot to do with it. But at the end of the day, it's all about money to the bottom line.

Mr. Victor Fedeli: So without a healthy or fair ROI, return on investment, these owners are heading south. We heard that from the agricultural sector as well the other day. A massive greenhouse complex that I have visited here in southwestern Ontario has the capital to double the size, which they've done, except they doubled the size by crossing the border into the States because of skyrocketing hydro rates and red tape.

Mr. Tony Elenis: Right.

Mr. Victor Fedeli: With these thin margins, what do you feel the ultimate effect of the Ontario pension tax will be?

Mr. Tony Elenis: A disaster—it will be a disaster. The industry is struggling right now. They've been struggling, and as I mentioned in my speech, 2007, 2008 and 2009 have hit the industry like nothing else in the past, in our generation. The industry will not have the dollars to reinvest back into their operation to attract customers. At the end of the day, the customer sees it.

It will be slimmer and slimmer and it all impacts hiring. You've seen the graph with the youth. The contribution from an industry that has the potential to contribute like no one else is not there for the overall economy and the overall GDP of Ontario.

Keep in mind, when we talk about the hospitality industry, our product is people. We hire more people. We need people. At a 33% labour cost, it's about people servicing people. This is an industry that, if supported, can hire many, many who are out there and unemployed and support itself as well as government.

Mr. Victor Fedeli: Tony, what's the total number of people who work in your sector? Would you have a guesstimate? Or do you know a number?

Mr. Tony Elenis: Three hundred thousand to 400,000 people is the number, right across.

Mr. Victor Fedeli: I ask that because when the government first looked at this new tax they asked their own Ministry of Finance to give an impact assessment. The ministry said that for every $2 billion that you take out of business you will lose 18,000 jobs in Ontario. I guess I am starting to see which sector those particular jobs are going to be coming out of.

You call it unintended consequences. I think we've heard that over and over and over. I call it the law of unintended consequences. For every action there's an equal and opposite reaction. We heard that through Ontario Northland, when they wanted to have a fire sale of it, but the law of unintended consequences has shown them how much money it would cost to actually do it, rather than save.

What do you feel the final unintended consequence of this will be?

Mr. Tony Elenis: It will set back Ontario, going backwards, and at the end of the day will contribute to the deficit. At the end of the day, instead of improving

the deficit, it's going to escalate it. Bottom line, that's the measurement out there.

If I can illustrate with an analogy here, if I earn income out there and I want a Ferrari—I would love a Ferrari, but I cannot afford it, so I'll continue to drive the car I'm driving today.

The Chair (Ms. Soo Wong): Mr. Elenis, thank you very much for your presentation and your written submission.

INCOME SECURITY ADVOCACY CENTRE

The Chair (Ms. Soo Wong): The next presenter is the Ontario Income Security Advocacy Centre. I believe the Clerk is coming around with the presentation. Thank you.

I believe you are Mary Marrone.

Ms. Mary Marrone: That's right.

The Chair (Ms. Soo Wong): As you heard, you have 10 minutes for your presentation followed by five minutes of questioning from the members of the committee; this round of questions will be from the third party. You may begin any time. Please identify yourself and your position with your organization for the purposes of Hansard.

Ms. Mary Marrone: Good morning. Thank you for the opportunity to speak today. My name is Mary Marrone. I'm the director of legal services at the Income Security Advocacy Centre.

The submissions that you have in front of you contain a number of recommendations. I'm only going to focus on two areas that are in the submission. What I want to talk about this morning is social assistance reform. I'm speaking to you about it because for the last two years, reforms to social assistance have been made through the budgets.

The two areas that I want to speak on: The first is a measure that can have an immediate impact on the reduction of child poverty and, secondly, I want to talk about some of the trends that are happening around ODSP, the income support program for low-income people with disabilities.

On the first issue, on reducing child poverty, our recommendation is actually a long-standing one, much like some of the excellent changes that were brought in in budget 2013. This is one of a long list where I believe there is broad consensus and would go a long way to provide immediate relief to families with children, and that is how social assistance treats child support payments. Right now, any child support payment is deducted dollar for dollar from the parent who receives it, if they're on social assistance. We believe when parents pay child support their children should receive some benefit. Parents should be encouraged to meet their child support obligations by seeing their children derive some benefit from those payments. Children's lives could be improved by allowing these families to keep a portion of those payments.

We're recommending that child support be treated the same as earnings, which would mean the first $200 would be exempt and then 50% of anything above the $200. With that new incentive to seek child support, the coercive element can be eliminated. Let parents decide when and how to seek support for their children. Let parents decide whether to reach an amicable settlement, as family law policy encourages them to do, or whether they need to use the more expensive Family Court system. It'll be better for families and may reduce the cost of Family Court proceedings.

Now I want to move on to the Ontario Disability Support Program. The last two budgets have seen a trend that we find disturbing. One of government's stated objectives is to support people with disabilities into employment. We think that's a great objective. People with disabilities want access to the labour market, but the labour market isn't always welcoming and sometimes, because of the nature of the disability, full-time work might not be a realistic possibility. This means that people who rely on ODSP often have a lifelong need. Even if they enter the labour market, the earnings might not be enough to support themselves and their families; part-time or casual work might be the only option.

ODSP must be available, it must be adequate to meet the long-term needs even beyond food and shelter and it must provide supports into employment and reduce the risk of working in order to encourage people into working. That means it needs to be available when people need it.

Recent budget measures have done the opposite. Most changes to ODSP have been in the form of benefit cuts, freezing of benefits or measures that add bureaucratic barriers to continuing support. There are three that I want to talk about because they can still be reversed.

The first was an announcement in budget 2014 of the consolidation of the employment supports. What that really meant was the elimination or the phasing-out of the Work-Related Benefit.

0920

Currently, ODSP recipients get $100 a month in any month where they report earnings. It's a benefit that's simple to administer, can be counted on by recipients and supports the very real cost of engaging in the labour market, whether it's transportation, clothes or any other expenses. That benefit is being eliminated and replaced with a benefit to encourage work search and career development. We support better supports for people who aren't currently working. But why would you introduce such a measure at the expense of those who are already making efforts and who might already be at their personal maximum capacity? There's still time to reverse this decision; the phase-out is to begin in April.

The second issue is what we call the red-circling of family members. Since budget 2013, increases to ODSP have only gone to the person with the disability; family members who are inside the same benefit unit, inside that same benefit cheque, have been frozen. There has been no stated rationale for this policy. The Lankin-Sheikh report, the review of social assistance a few years ago, said it was unfair for family members of persons with

disabilities to receive higher rates than people on Ontario Works. There's no research to support the assumption that family members were not affected by living with a person with a disability. In fact, it's more expensive to raise children when you have a disability, whether it's transportation costs when you take your kids to school or recreation activities, special-format books when you want to read to your children or the cost of your housing.

The ministry must have a consistent policy. Either continue to recognize that people live in families and that the benefit unit is the family and increase everyone at the same rate, or if you're going to treat a person with a disability differently, start to explore treating them entirely as a separate benefit unit and don't look to their spouse for support. At the moment, the income of the entire family unit is what's used to determine eligibility, and social assistance rules apply to any earnings from a spouse.

The third and final point I want to talk about was also part of last year's budget. It didn't appear in the budget papers, but we learned afterwards that $5 million was allocated ostensibly to get rid of the backlog of medical reviews in ODSP. This is a bit of a complex issue, but essentially, medical reviews are an integral part of a program that provides benefits to people whose disabilities might improve over time. It's very important that there be a review process. We have no issue with that.

The legislative requirement is to assign a review date at the time somebody gets on to ODSP where they have a condition that might improve. Then at the time of the review, you check to see if there's any improvement. The difficulty is, the ministry has never designed a proper review process. They simply make the person reapply as if it were a new application. It's wrong in law, it's confusing to people on the program, and it's confusing to doctors who have to complete the form. It's the most expensive process you can choose to conduct a review. It overburdens the health care sector. It overburdens the community sector, which provides support to people who can't navigate the complex application process on their own, and the community clinic system, which we are a part of. Clinics are already overburdened with disability appeal work. We're already correcting the problems caused by a flawed application process, and many other legal services have already been pushed out, at the expense of helping to fix some of these problems. What that extra $5 million means is, there's a plan to dramatically increase the number of medical reviews, starting in April. There will be 1,900 applications sent out per month, beginning in April. This represents a 50% increase in the capacity of the Disability Adjudication Unit and a 50% increase in the number of adjudications. That workload is going to spin out to the community sector, to the health sector and to the legal services sector.

We're not asking you for money to help respond to this new process. We're asking you to tell the ministry to use their resources differently, that they should be doing the front-end work to find out what information they actually need to conduct a review. We should be talking about the critical need to fix the current flawed application and adjudication process. We should not be compounding the problem by making clients repeat that process. It's actually putting some of the most vulnerable clients at risk of losing their benefits.

Thank you.

The Chair (Ms. Soo Wong): Thank you very much for your presentation.

Ms. Fife, do you want to begin the questioning?

Ms. Catherine Fife: Thanks very much, Mary. You've raised some of the issues that we've actually heard for the last two weeks through the finance committee.

I do want to give you an opportunity to just expand a little bit more on how this government is pulling back the Work-Related Benefit from ODSP—because that was never the intent. When we fought to get the $200 of additional funding that those on ODSP can work for and keep, it wasn't supposed to be replaced by a reduction of a hundred dollars a month. Can you please expand on that and let the committee know what that reduction in the Work-Related Benefit will mean for those on ODSP?

Ms. Mary Marrone: Sure. In budget 2013—that's when that new exemption came in, the extra $200, and the rationale at the time was to give people more money. It's an incentive to work, to be able to keep that initial money. Particularly if you're on ODSP, that might be all you earn. It was only a year later, when the Work-Related Benefit was cut, that that rationale was applied retrospectively. There was no indication at the time that the earnings exemption came in that the Work-Related Benefit would be reduced. The two are actually unrelated. It's really difficult for people on ODSP, who were extremely happy to see that new earnings exemption the year before, to have it taken away.

We can be clearer in the next little while. What we're in the middle of is, we're doing a survey of people on ODSP, and we're asking them what it's going to mean to them. We've already gotten over 300 surveys. We'll be collecting that information. We're already looking at them, and some people are saying that they won't be able to keep going to work, because it's paying their transportation costs. It's actually undermining their ability to go out to work.

There are some people with pretty severe disabilities who still want to be part of the world and who still want to be in the workforce. They might only be able to work a couple of days a week or even a couple of days a month, and taking away that benefit means they can't do that anymore. It's part of being in society. It's more than just the earnings for them. It's going to take that away.

Ms. Catherine Fife: We heard that it was an issue of not being isolated all the time and having an opportunity to get to a place where you're interacting with other people. We heard loud and clear that the life of someone who lives on ODSP is sometimes incredibly lonely and isolating.

The medical review process: You described it as a flawed process. We agree with you. The $5 million to address the backlog—how could this process be im-

proved? I agree with you that it's going to add a whole host of new pressures on the community workers who have been living through the nightmare of SAMS, and ODSP as well. Can you comment on how you think this government should use these resources differently?

Ms. Mary Marrone: I think there are short-term solutions and long-term solutions. We know that because medical reviews were not done for a long time, they weren't always assigned with the greatest of care. So I think they need to start by just looking inside the file to see whether they have a lot of medical information already inside their files. The file itself might tell them that the original review date was completely unrealistic. So they can start by doing a file review of every person who comes up for a review, rather than the first step being just putting an application form in the mail.

The other concern is that many people who are facing review dates were helped in their initial application form by agencies that work with people who are living on the street, people who are extremely vulnerable and not capable of navigating the application process on their own. Many of those people were assigned review dates. They're going to be receiving a form in the mail and figuring out how to respond on their own. They have 90 days to do it, and if they don't, they lose their benefits.

The long-term solution is to tailor a process that actually asks the doctor the right questions. That needs to be done in consultation with the medical profession—to ask the right questions and not just send out a form where people are starting all over again.

Ms. Catherine Fife: It's actually causing a lot of fear in the community. That's what I'm hearing in my MPP office in Waterloo.

Any last comments on SAMS, the Social Assistance Management System, and any recommendations to this government about the rollout? Get it on the record.

Ms. Mary Marrone: We're hearing that it's an increasing problem. One of the real concerns that we've heard about for a while now is that people who have applied for ODSP and have had to go through the appeals process—those files have been sitting since November. None of those people have been moved from OW on to ODSP, because apparently SAMS doesn't have the functionality to do that yet, and it's being fixed. So my only recommendation is to fix it. Beyond that, I don't have the expertise.

Ms. Catherine Fife: Thanks very much, Mary.

The Chair (Ms. Soo Wong): Thank you very much for your presentation, and thank you for your written submission.

0930

RETAIL COUNCIL OF CANADA

The Chair (Ms. Soo Wong): The next group coming before us is the Retail Council of Canada, Mr. Gary Rygus. Good morning. Welcome. As you heard, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be coming from the government side.

You may begin anytime. When you begin, please identify yourself and your position with the Retail Council of Canada for the purposes of Hansard. Thank you.

Mr. Gary Rygus: Thank you. Good morning. My name is Gary Rygus. I am the director of government relations for the Retail Council of Canada. On behalf of RCC's members operating across the province of Ontario, thank you for the opportunity to appear before the committee today.

The Retail Council of Canada has been the voice of retail since 1963, and we have members who operate more than 45,000 storefronts nationally, 17,000 of which are in Ontario. We represent an industry that touches the daily lives of most people in the province. Our members represent all retail formats: department, grocery, specialty, discount, independent stores and online merchants. While we do represent large mass-merchandising retailers, a significant number of our members are in fact small, independent merchants.

As an employer, retail is number one in Ontario with more than 825,000 jobs, generating over $165 billion in sales. Retailers invested over $3 billion in capital expenditure in 2014, which is down from $3.5 billion in 2013. Going forward in 2015, we expect to match the $3-billion number.

According to Stats Canada, Ontario sales were up 4.7% for 2014 as compared to 2.3% in 2013. Ontario continues to be in the middle third of provinces sales growth-wise, along with New Brunswick and Manitoba. Going forward, retailers expect to generate sale increases in the range of 3% for 2015.

The average wage for full-time front-line retail staff in Ontario, according to Stats Canada, is about $16.65 per hour. It's about $13 per hour for part-time workers.

Having said all of that, I must caution the committee that storm clouds are on the horizon as consumer debt remains at an all-time high level, and this continues to have an impact on disposable income and discretionary purchasing going forward. According to recent surveys, Canadians remain cautious when it comes to opening up their wallets. This will create challenges going forward for retailers.

The global financial crunch continues to make it tough to forecast future sales, especially with slowly recovering economies in many countries. Faced with these challenging circumstances and a turbulent economy, the government must focus on improving the conditions for economic development. The government must foster a positive job-creating environment. In fact, the government says that this is their number one priority.

Members of the Retail Council of Canada are concerned about the implications of the Ontario Retirement Pension Plan, especially as defined in the recent consultation document. Retailers understand the need for all Ontarians to build an adequate nest egg for retirement. The level of retirees' incomes affects the overall econ-

omy and of course determines people's abilities to buy goods from our members. The challenge will be to balance the importance of long-term pension income adequacy against the nearer-term impact on growth, jobs and investment.

There is a limit to the payroll contributions that retail businesses in this province can be expected to pay without there being a significant economic impact. We have a substantial Employer Health Tax, the second-highest WSIB rates in Canada, and now, we are looking at a new provincial retirement pension plan. The government must look at the cumulative impact of these payroll costs to ensure they do not diminish our capacity to hire more Ontarians and to make key investments.

In a recent survey about the introduction of the ORPP, retailers expressed concerns about the significant cost that this program will impose on merchants. This is especially troubling for small and mid-sized retailers who have nothing in place.

At $3,500, the low-contribution threshold will limit the hiring of seasonal, part-time and first-time employees. We question why this number, in place since 1996, has not been adjusted to reflect current realities.

With retail sales growing slowly in Ontario for many categories, retailers will have no way to recoup these costs except by increasing prices or by decreasing staff or new hires.

RCC has significant concerns about the definition of comparable plans. Many retail employees have the ability to participate in defined contribution plans, and a few even have the opportunity to participate in defined benefit plans that are significantly more generous than a 1.9% match by employer contributions. In some cases, the employer makes both sides of the contribution. If ORPP proceeds as defined in the consultation document, employers may reduce their pension offerings in Ontario, and this may spread across Canada. RCC is not sure this is what the government had in mind when it put forward this policy initiative.

RCC and its members understand the government has received a majority mandate on a platform which included implementation of the ORPP. That said, the retail industry maintains that the implementation details of the new pension plan will be critical to the well-being of the retail sector.

From a transparency perspective, it is important to know the cost to government for implementing this initiative as defined in the December consultation paper, as we believe that there will be a significant amount of funding required. The important question is, how will the identified revenue gap—yes, we believe there will be a revenue gap—be funded going forward?

On the HST front, unwinding the restricted input tax credits under the HST would be an indicator to business that Ontario is mindful of supporting business activity and reducing costs. However, more needs to be done. The government needs to find additional ways to reduce taxes and cost, changes that support job creation.

As support to smaller business, especially in view of the ORPP introduction, RCC continues to recommend raising the EHT exemption threshold to $1 million. At its current level, Ontario is uncompetitive with other provinces that have similar payroll-type taxes. We acknowledge the recent change to $450,000, but this is too small a change to provide a significant impact on the job creation front. In fact, to further support hiring of full-time staff, the government should consider providing a one-year EHT holiday for employers.

RCC supports the efforts of WSIB management to eliminate the unfunded liability, currently at $10 billion. The 0% increase for 2015 premiums will not add further costs to make Ontario less competitive on the job creation front. The WSIB must maintain its laser focus on managing the WSIB revenue stream and not become complacent in its efforts.

On the environment front, RCC recommends that the government work with other provinces to harmonize product stewardship programs. The previous Bill 91 did not improve the level of waste diversion in Ontario; it only created additional cost and administrative burdens for retailers. Retailers look forward to working with the government to create legislation that positively increases diversion in Ontario while not adding to the administrative burden.

RCC also supports fast-tracking the Open for Business initiative. Change the way government creates legislation. Adopt a business-lens focus to creating legislation by asking the question, "Does this legislation add economic value to the province?" Quantify the changes. Contain sunset provisions for that legislation. Adopting this approach will require a significant adjustment in government policy development. Now is the time to establish a positive environment that facilitates business to create jobs.

On behalf of RCC, I thank you for your time. And with just under 11 months until Christmas, RCC asks that you please remember to shop each and every day at your local retailer. It is never too early to start. The jobs you support will be of family, friends and neighbours. The Ontario economy and retailers will thank you.

The Chair (Ms. Soo Wong): Thank you very much. Before I turn it over to the government side for questioning, if you have any written submission, please submit it to the Clerk by 5 p.m. I understand from the Clerk that you haven't sent us anything, so I just wanted to make sure you have an opportunity—until 5 p.m. today.

Mr. Gary Rygus: It will be there.

The Chair (Ms. Soo Wong): Ms. Lalonde, do you want to begin the questioning this morning?

Mrs. Marie-France Lalonde: Good morning.

Mr. Gary Rygus: Good morning.

Mrs. Marie-France Lalonde: First of all, I want to commend you for all the hard work that you have been doing. As a person who buys very local, at my local Sobeys, which is locally owned, I appreciate all the hard work that you have put into the effort of maintaining that

ability for people to buy local and also creating a fostering approach with your members.

I hear your concern with the ORPP, but my understanding is that there was a meeting last August with the minister. Am I correct?

Mr. Gary Rygus: You'd have to refresh my memory. I don't recall last August off the top—

Mrs. Marie-France Lalonde: My understanding from these notes is that on August 26 you would have met—or someone from the ministry met with the RCC to discuss some of the concerns.

Mr. Gary Rygus: Okay.

Mrs. Marie-France Lalonde: You don't remember?

Mr. Gary Rygus: Off the top of my head, it doesn't ring a bell. Sorry.

0940

Mrs. Marie-France Lalonde: That's fine. That's fine.

Mr. Gary Rygus: I have lots of meetings with government officials.

Mrs. Marie-France Lalonde: Okay. I just wanted to follow up because, as you're very much aware, there are about three million Ontarians in the province who do not have access to a private pension plan at this point. This is the ORPP's intent, really—to help Ontarians save as they get older. How do you feel with that?

Mr. Gary Rygus: Well, I think we understand that it's a delicate balance between saving for your retirement and surviving day to day to be able to do that retirement. That's why we're suggesting to government that in their consultation document released December 17, they've been very restrictive in what defines a comparable plan, for example; because there are many retailers that offer retirement-type plans, whether it's defined contribution, group RRSPs, DPSPs and the list goes on, but under the definitions of the consultation paper, they are not deemed to be comparable.

What you're basically doing is discounting the efforts that employers are doing already. In fact, there are some retail employers, large ones, that offer defined benefits. They make payments on the employer and employee side, and those are negotiated through collective bargaining agreements. Those are going to have to be unraveled somehow. I understand that.

As far as the small business, when I talk to small business, they say, "Gary, this is going to cost me $20,000 to $30,000 a year. How are you going to get that back for me?" Because businesses are struggling today to survive, and so they're looking for offsets. As mentioned earlier, they're looking for the EHT threshold to be increased to $1 million. They're also looking for a half-point reduction in the CIT rate as well. They're looking to minimize the hit because the alternative is they have to reduce staffing costs, labour costs or a percentage of sales, and if the sales aren't there to support, they're going to reduce the number of people who are working in the retail environment.

Mrs. Marie-France Lalonde: I was a business owner before entering into politics. Certainly, when this government reduced the corporate tax, for me that was a real benefit, and I believe, for your industry, it would have felt the same, where that low tax on corporations really made an impact in my overall NOI at the end of the year.

Mr. Gary Rygus: It has. Also, the lower dollar has helped us as far as getting consumers to stay at home, because cross-border shopping in previous years was a big issue. The flip side of that is goods are becoming more expensive to buy because of the low Canadian dollar. So it all depends on which side of the coin you're looking at.

Mrs. Marie-France Lalonde: Well, we can continue having this discussion, but if I look at myself, if I'm able to save more right now, I know that my spending down the road—I'll be able to spend and continue shopping a little bit more as I'm aging. So I do believe that we have to hear what your membership is saying, but we also have to look at the ability of the people of Ontario to be able to continue contributing to the economy as they will be aging without a pension plan, for instance.

Mr. Gary Rygus: I would agree. I think the ORPP was defined to help the middle-income folks. I think that the low-income threshold of $3,500 is not middle income; I think that a LICO threshold of $21,359 would be more of an economic reality indicator today. I think that low-income people, when they retire, are reasonably well-looked after as far as the pillars of government offerings—that roughly 80% of their income will be replaced. It's the people in the middle-income group who are struggling to put away for their retirement years.

The Chair (Ms. Soo Wong): Mr. Rygus, thank you very much for your presentation. If you want to submit anything, please do so by 5 p.m. today. Thank you.

ODSP ACTION COALITION

The Chair (Ms. Soo Wong): The next presenter is the ODSP Action Coalition. I believe Louise Bark is presenting. Good morning. I think staff is getting you ready and set up.

Ms. Louise Bark: Can that be heard on? Yes? Okay. All right.

The Chair (Ms. Soo Wong): Good morning, Louise.

Ms. Louise Bark: Good morning. How are you today?

The Chair (Ms. Soo Wong): Very well, thank you. As you probably heard, you have 10 minutes for presentation, followed by five minutes of questioning. This round of questions will be coming from the official opposition party.

You may begin anytime. As you begin your presentation, please identify yourself as well as your position with the ODSP Action Coalition for the purpose of the Hansard. Thank you.

Ms. Louise Bark: Thank you, Madam Chair. My name is Louise Bark. I recently moved to Toronto from Kingston, and I am a representative of the ODSP Action Coalition. I serve in the position of co-secretary.

First of all, I'd like to thank the pre-budget standing committee for accepting this submission from our coalition. I'll be speaking on behalf of the coalition, and to better illustrate some of our positions, I'm going to weave in a bit of lived experience of mine, and other stories, so that you better understand it.

The ODSP coalition is a network of disability service providers, community agencies, community legal clinics and recipients of the Ontario Disability Support Program, otherwise known as ODSP. Our mandate is to advocate for improvements to the income and employment supports available to people who are disabled and must rely on support from ODSP.

I'm a person who has been disabled all my life. Despite trying to get a job for most of my life, for the most part I have been unsuccessful at seeking and retaining work, mainly because of barriers to my disability.

I first started receiving the family benefits allowance, the precursor to ODSP, in 1988, and as such, I'm uniquely positioned to clearly name the coalition's requests and then illustrate some of the reasons why we're asking for this. Sharing some of my stories should help illustrate this.

The ODSP Action Coalition has two main requests for this budget. One is to provide an immediate significant increase to ODSP income support, and the second is to reverse the cut that is being proposed for the Work-Related Benefit, at least until there have been adequate levels of income support achieved.

I'll explain the reason for wanting the increase.

The ODSP Action Coalition is asking, on behalf of the recipients, for the budget to provide a significant increase to ODSP benefits because people can no longer afford the real costs of paying for nutritious food, shelter, transportation, basic needs and day-to-day costs, including those that are related to being disabled.

We actually have an adequacy paper on this, and now that you've asked for us to mail in submissions, you'll get a copy of that. It will illustrate this better.

A significant increase was recommended by the social assistance review, but it was never implemented. Instead, the few raises that were given to people on ODSP have been actually less than the size of the raises given to people on Ontario Works, especially if there's more than one person in the benefit unit. People with disabilities should not be expected to live on less money so that the rates for people on Ontario Works can get the much-needed increase. That was also recommended in the social assistance review.

As an individual, I see fewer and fewer options for me to be able to make up the difference of that lost purchasing power so that I can remain healthy and survive.

To share some lived experience, in 1988, when I first started receiving government assistance, I could afford to buy enough food to eat a healthy and balanced diet, buy a bus pass, get a subsidized membership at the YMCA so I could get exercise and socialization, buy suitable clothing for casual wear, work wear, and even warmth, buy housewares, furniture—second-hand—and other household essentials, and even get a haircut, have a telephone and, believe it or not, cable TV.

Now I must rely on frozen Meals on Wheels dinners, which are actually good. I need it for accessibility. Thankfully, they're subsidized. I'm thankful for the community pools I found in Toronto. These don't exist in all other communities. Exercise is a really variable option, depending on where you live.

The clothing I buy now, I make it suitable for business casual. I can't just go get track pants anymore, because I just can't afford both, so I try to get something that sits in the middle and will at least open doors to many opportunities I want to take part in.

I cut my own hair with Sunbeam clippers all summer long. I found out, when I moved to Toronto, that a haircut is 40 bucks. In Kingston, it's 15. ODSP does not help us pay for that type of thing. I thankfully averted another buzzcut by going back to Kingston for a medical appointment.

In Toronto, I have free Internet with my land line, using Primus. That didn't exist in Kingston; it was double the cost.

These points of comparison are to illustrate that for each disabled person in different parts of the province, this province-wide program is not meeting their needs.

I do without a TV, which is actually quite fine by me, but it allows me the number one priority, which is a Metropass. Since I moved to Toronto, I've moved into an area that's gentrified, and I've realized that I must buy the bus pass, the Metropass. It swallows up 20% of my monthly $619 living allowance from ODSP.

0950

The Metropass is the priority because—I'll just give you a few examples. If I want to buy eggs, it's $1.30 more around the corner at the store versus if I go to No Frills, if I take a bus there. It's the same with milk. Milk is $2.80 more around the corner from me than at No Frills. The fruits and vegetables near me are all organic—way more than I can afford. So that's just a bit of an illustration.

With the community pool, I get exercise, so I've actually cost the health care system a lot less. Because I have arthritic conditions, I was taking pain medications. I have torn rotator cuffs, which is also extremely painful. There's a balancing act here: Increasing the rates will allow me, and people in other communities where there's no free swimming pool, to get exercise and have less pain.

Bus fares in different cities cost a lot. In Kingston, I paid $225 a month for my specialized transit. It's different here. They had subsidized fares for the conventional transit. It didn't apply to the specialized transit. AODA states equality of fares for cash fare only. After that, there are differences, and that's why the costs are so different.

The Work-Related Benefit—that's this one that is proposed to be cut—is a $100 work incentive. The advantage of that fund for me, speaking from lived experience—and, it turns out, from at least 300 responses

we've had to a survey that our coalition created, we have discovered that people were using that Work-Related Benefit to pay for disability-related added expenses. In my case, it was my access bus. I paid $567 for my access bus for the duration of my eight-month contract while working, and I only get $250 from ODSP to cover my work costs. Needless to say, that $100 incentive was very useful, so I could afford to continue to go to work.

Other people have stated that they use it to buy suitable clothing for the workplace or to buy meals out. When I was working full-time in a call centre, we did have places where we went out with our co-workers and we bought meals. I could afford it there, because I was fully off ODSP and I was pretty well on an equal playing field with my co-workers when I was in the job. So it really was not a hardship to me to go buy a meal.

But when I was working part-time, I was teaching adults how to create radio programming. It was very embarrassing to have to take a sandwich to my lunch and buy a coffee so I could sit with them while they bought the restaurant meal. Some of them would offer me a meal, and that was kind of nice, but it's also a little bit weird when you're the teacher and you're the one being paid and they're buying your meal.

These are all different things that show where adequacy fits in. It also shows the really strong importance of the Work-Related Benefit.

Since I moved to Toronto—I was talking to my caseworker. My understanding is, to get the Work-Related Benefit under the new proposed plans, it's going to be far easier to be enrolled in employment supports. I said, "Fine. I want to get a job anyway. I'm having a hard time affording to live on ODSP." So she gave me the package that lists 21 service providers in the city of Toronto that will help you find a job. I've looked it over, and I'd say that out of the entire list, there are only three or four people that I can actually go to, that would be suitable for my type of disability, my skill set, my intelligence, or functionality, education—there's a big mixed pot of what you need for a job. I'm going to follow up on those. I haven't got there yet.

But none of the jobs I've received in the past have been through employment support—not a one. I got the jobs on my own. I got my full-time job on my own. I think it comes to sensitivity, and the adequacy of AODA, the accessibility act, and how people interpret that and what people consider levels the playing field under what should be covered by the Human Rights Code.

I therefore say that it's unrealistic and problematic to suggest that people with disabilities are only capable of doing the entry-level jobs that are named on that list. If I'm going to get the new Work-Related Benefit—it sounds like that's the only way to go, and I'm struggling with that. That isn't out yet, so there may be changes. I'm hoping that will happen as a result of feedback given in there.

I'm going to close by giving a quote from the Ontarians with Disabilities Act, 2001. That act was created by the Conservatives, and the quote is in the preamble. It says, "The Ontario Disability Support Program Act, 1997 provides a separate income and employment support program for eligible persons with disabilities. It removes persons with disabilities from the welfare system and provided them with assistance that recognizes their unique needs."

I see that's gone backwards. We are now back under the umbrella of social assistance. I find it extremely hard to accept that, as much as I've been looking for work all my life, as have most other people with disabilities, we're not able to get the work we need and want. Therefore, I find that Ontario has failed miserably in living up to the act and the promises that were made to people who are disabled. The disabled, for reasons they can't control, are unable to work. To even get on ODSP, there's a pretty stringent test and a bunch of medicals that have to be done. That in itself should say that we're not able to work. Our adequacy needs to come up so we can survive and remain healthy.

The Chair (Ms. Soo Wong): Ms. Bark, can you wrap up your presentation?

Ms. Louise Bark: I'm just at the end of it.

The Chair (Ms. Soo Wong): Okay.

Ms. Louise Bark: I reiterate again that the ODSP Action Coalition and me are asking for a substantial raise to the ODSP rate, as was specified in the social assistance review, as well as reality, and a reversal to the plan to cut the Work-Related Benefit. Thank you.

The Chair (Ms. Soo Wong): Thank you very much. Mr. Arnott, can you begin the questioning?

Mr. Ted Arnott: Thank you, Madam Chair. Thank you, Louise, for coming in today and for your presentation. It was very, very interesting. What you gave the committee members and all of us who are observing this process was a better understanding of what it's like to struggle day to day with the costs of living. You said, going back to 1988, that your purchasing power has diminished over those years and that it seems harder every few years just to make ends meet. Thank you very much for explaining the actual intricacies of it.

You recommend that there be an immediate, significant increase to ODSP. What specific increase do you think would be fair in this provincial budget?

Ms. Louise Bark: There have been different amounts stated. I cannot even remember the source for each one, but in the social assistance review there was a recommendation, and if I recall correctly, it was $100. I might be muddying that with some other lobbying efforts that have been made.

If I were to look at that $100 and just think to myself, "Boy, would that ever make a difference," I think that's a reasonable request. The other way to flip that a little bit is you can look at the cost of providing that extra $100, but then you could look at the benefits of providing that $100, because we've got people who are able to buy healthier food, you might reduce some of the chances for diabetes; there's a high risk of that right now, an explosion, actually, amongst the disabled. You've got people with other poverty issues, so it's a balancing act.

Mr. Ted Arnott: You said that the increase to the Ontario Disability Support Program in recent years has been less than the increase to Ontario Works.

Ms. Louise Bark: Yes.

Mr. Ted Arnott: How is that fair?

Ms. Louise Bark: I'm not really sure. What I know happened is that when they gave a raise to welfare, they gave an automatic $30 on one of the cheques, and then, after that, they gave a 1% increase a couple of times now.

With people on ODSP, if you have a benefit unit—you might have a wife, spouse, child—the 1% was only given to the individual who was disabled instead of to the benefit unit, which was always done in the past. The other people in that benefit unit don't always have the opportunity to make up for that shortfall, so it's kind of hard to understand why there's that difference, but that's what it's at right now.

Mr. Ted Arnott: You said that the cost of a Metropass—which is absolutely essential to your ability to get around, to do your shopping, to go to medical appointments, to look for a job or if you had a job—is 20% of your living allowance.

Ms. Louise Bark: Correct.

Mr. Ted Arnott: That is staggering.

Ms. Louise Bark: Yes, it is staggering. It is very staggering, and it was even worse in Kingston, where I had to buy my Access Bus fare—36% of my living allowance. I would not survive if it wasn't for the fact that I happen to be lucky with a father who gives me the $500 allowed as extra support to a person who is disabled, all above board and legal with ODSP. But so many people on ODSP do not have that opportunity, and I'm here to speak for them.

Mr. Ted Arnott: Mr. Fedeli has a question, so I'll turn it over to him.

Mr. Victor Fedeli: Tell me a little more about the cut to the Work-Related Benefit, please.

Ms. Louise Bark: My understanding is they are planning to create efficiencies by rolling various—right now, under ODSP, there is a $100 work-related incentive. It's an incentive to work; it's to encourage people to go and get a job. There's also $250 that you can get towards some of your costs of starting to work, so if you have anything related to work and you can provide proof of that, you might get the $250 to cover clothing that's needed for work, if there are any tools of the trade that are needed or transportation to get to that job. I believe there's a third one, which I'm blanking on right at the moment. But the three of them are going to be rolled into one. There have been two proposed amounts recommended. I believe it's $1,800 for people on ODSP and $1,200 for people on Ontario Works. My understanding is that it's to be a one-time-only benefit within the year, and then after that you're expected to find ways to make up the money on your own through working.

1000

I would love to work. I've spent all my life doing that. When I was 17 years old, I was applying for welfare. Three jobs a day, five days a week was mandatory, and I have that habit to this day. I still apply. I'm kind of worn out now. Emotionally I wear down when I don't get an interview. But the desire to work is still there, and I can't make it up.

The Chair (Ms. Soo Wong): Ms. Bark, thank you very much for your presentation. If you have any written submission, please submit it by 5 o'clock this afternoon.

Interjection.

The Chair (Ms. Soo Wong): Yes, Ms. Lalonde.

Mrs. Marie-France Lalonde: Excuse me, Ms. Chair, can I just make a point of order on our last presenter, Mr. Gary Rygus, regarding a conversation we had after and him acknowledging the fact that he—

The Chair (Ms. Soo Wong): Just to be on record: Because the presenter is not here, it's not a point of order; it's a point of information for the committee.

Mrs. Marie-France Lalonde: Okay, a point of information for the committee: Gary Rygus believed that I was referring to Minister Sousa instead of Minister Hunter. They had numerous conversations, actually, regarding the ORPP, a lot of exchanges and actually allowed her to meet with their group.

The Chair (Ms. Soo Wong): Okay, so it's a point of information from Ms. Lalonde with regard to the record.

ASSOCIATION OF FAMILY HEALTH TEAMS OF ONTARIO

ASSOCIATION OF ONTARIO HEALTH CENTRES

NURSE PRACTITIONERS' ASSOCIATION OF ONTARIO

The Chair (Ms. Soo Wong): The next presenter is the Association of Family Health Teams of Ontario: Ms. Angie Heydon. Good morning. You know the drill; you've been here this morning. It's 10 minutes for a presentation and five minutes for questioning from the committee members. This round of questioning will be coming from the third party. You may begin any time. Please identify yourself and your position with the Association of Family Health Teams of Ontario. Thank you.

Ms. Angie Heydon: Thank you very much for this opportunity. I'm Angie Heydon. I am the executive director of the Association of Family Health Teams of Ontario. I'm here actually speaking on behalf of three associations: my own, the Association of Ontario Health Centres and the Nurse Practitioners' Association of Ontario.

I had prepared a little slide presentation. I was told that that might be advisable, but it's okay; I don't need to do that. I'll just speak.

Following from the previous speaker, she presented a very compelling story of what it's like to live with challenges to health in our society. I was tying that to the really important job that you've got facing you. As a society, there are so many demands and so many needs, and we've got economic realities that we're dealing with

as well. The importance of thinking about things in a very holistic way is absolutely critical to everything. I know that everyone in the room understands that completely. I'm not saying anything new.

If you don't mind, I'm going to use this just to help me along a little bit.

I'm here to speak about ensuring access to team-based primary care. I just want to speak a little bit about the difference that team-based primary care can make and what it is.

You see individuals like the previous speaker who are living with some very serious conditions in their life. We know that in Ontario, we've got an aging population, and as people age, they develop more and more conditions that make it more challenging for their health. Primary care is that first-contact continuous care throughout a person's lifespan. The intention of primary care is to keep people as healthy as possible through that entire lifespan. It's help to manage conditions—or avoid them in the first place—as you have to live with them and, when issues do come up, to coordinate that care so that you can live as well as possible. Again, the previous speaker spoke to the importance of the ability to find exercise, transportation, housing. All of these things are so critically important to health and well-being.

In our primary care system, if you visualize it—I had a little picture here to show to visualize—you have the person at the centre, and the objective is to keep them healthy and productive throughout that lifespan. We have a primary care system that really wraps around that individual as they go through their life experiences and as they experience various conditions, illnesses, accidents, whatever. The objective—again, keeping them as healthy as possible—is to reduce the impact on other parts of the health system, the other ones that are more expensive. We all hear about the pressures on emergency rooms and the expense of that, long-term-care facilities, home care, hospital care etc. I think that part is very, very simple.

We have so much research evidence done on various jurisdictions in the world that have shown the investment in primary care is very strongly associated with better health outcomes for the population, better equity across health in that population and also lower costs to the health care system.

Bringing us back to Ontario here, we have some primary care teams, and the whole benefit of the teams—I think most people in the room know a little bit about these teams—is that they bring together not only the family physician, but other kinds of professionals, like dietitians, social workers, nurse practitioners, pharmacists and so on. You know if you are living with a condition you've been diagnosed with, such as diabetes, that one of the most important things is counselling from a dietitian to be able to better manage that diabetes, to reduce that impact—and perhaps with a social worker, because all of a sudden, you have to get test strips and all these other kinds of things. Maybe if you are a person who doesn't have the financial ability, you need help in finding ways to get support for those things.

Teams make all that kind of difference, and on top of that better access to the skills that people need to help them stay healthy, it's the way the team functions. In Ontario, we have our family health teams, community health centres, aboriginal health access centres and nurse practitioner-led clinics. These organizations are all working in developing what are known as quality improvement plans. They have accountability agreements with government as well. Their focus is not only on their individual patients, but also, how do we improve care in the community so that we can have that sustained ability in the system to, again, keep people as healthy as possible.

By the numbers: I had a lovely little map that kind of showed the scattering across the province, but right now, we have about a quarter, 25% of Ontario's population, that has access to this kind of care. So why am I here? Our government put out that vision statement: that Ontario will be the healthiest place in North America to grow up and to grow old, and to be on a sustainable path, with every dollar used in the most appropriate way. I don't think there's anyone in this province who could argue with that as a very laudable vision statement.

As part of that, there is a primary care guarantee that every person in Ontario should be attached to a primary care provider. Within that, there was a recognition that one of the challenges here is the need to improve recruitment and retention of community-based primary care teams. That's the issue that I'm bringing forward here right now and that's the issue that you see outlined in the two-page brief that I just handed out.

First off, there's only 25% of the population that can access. We recognize the challenges of funding to expand access, but the other problem is that for the capacity we have, we have a huge challenge of recruiting and attracting health professionals and the other kinds of professionals who are needed to provide that care because of the challenges within the health system itself. Primary care to date in Ontario has not been valued the way other parts—the hospital sector, the community care access centres, the public health units—have been valued.

People who are working within primary care are taking salary cuts of anywhere between 5% and 30% to work in primary care. They are giving up their pension plan. Everywhere else in the health care sector, people are members of the Healthcare of Ontario Pension Plan. So people who are coming to work in primary care are doing that because of their commitment to the absolute fundamental value of it, but the challenge is that it's hard for people to stay in the system when they're getting offers that are substantially more than what they can earn in the primary care world.

1010

We're seeing vacancies that run from anywhere up to 19% in some of our different employment categories in there. We're seeing this team-based primary care system working at a capacity that's probably about 7% to 10% below what the full capacity, if we could fill all of those

positions, would be, and it means that people aren't getting the care that they need.

As our three associations came together jointly to do a review of what the competitive marketplace looks like in Ontario, we have—in our sector, funding is at 2006 levels of funding. People have not seen any kinds of increases in that period of time. It's non-unionized, for the most part. I think there's only about 10% that are in any kind of unionized environment. Once again, the challenge is, can we—we've developed a proposed solution for this. Government committed a 5% per year increase for community care. Primary care is a fundamental component of community care, but it's not included in that 5%. Our proposal is that if that 5% were extended—

The Chair (Ms. Soo Wong): Ms. Heydon, can you wrap up your presentation, please?

Ms. Angie Heydon: Thank you very much. If the 5% were extended to primary care over the next four years, we could close the gap and be able to help make more of those shifts happen to get care out of hospitals and back into the community, back into primary care to support and ultimately, as the evidence shows, to give much greater value to the health care dollar that this province spends. Thank you.

The Chair (Ms. Soo Wong): Okay. Ms. Fife, do you want to begin the questioning? Thank you.

Ms. Catherine Fife: Thank you very much for the presentation on behalf of these three associations. This has been an ongoing theme, actually, across the province—the pressure on the hospitals that are running at 114% capacity on flat-line budgets, which is compromising quality of care, obviously; and the state of community-based primary care. The two issues are very much connected because, as you point out, there's a cost-effectiveness of team-based primary care.

Your financial ask, though, is really—I mean, if you're being funded at 2006 funding levels, and you say here that you're looking for $36 million in the first year and $28.6 million per year for the next three years, that would close the care gap?

Ms. Angie Heydon: That would mean in four years from now, it would bring compensation to what is competitive as of 2012.

Ms. Catherine Fife: For 2012? Okay. So not even 2015 levels.

You have this in your presentation—the poaching of primary care nurse practitioners by CCACs: Can you give us some indication of how prevalent this practice is?

Ms. Angie Heydon: And that is a deliberately chosen strong word. The challenge is that in primary care, salary levels are set right now by the Ministry of Health, and the Ministry of Health directly funds family health teams, nurse practitioner-led clinics and the aboriginal health access centres. The CCACs are funded through—sorry, I don't want to get too bogged down in the different ways that funding takes place. CCACs are funded through the local health integration networks, and there is that gap.

Through the local health integration networks, new initiatives being created that involve nurse practitioners, such as palliative care in the community, rapid response nursing and so on, again, because of how our health care system has evolved in a piecemeal fashion—the salary structures in CCACs are competitive with hospitals and so on—it means it's about a 30% gap, and so in making those offers—

Ms. Catherine Fife: So that makes it really impossible for primary health teams to compete with that.

Ms. Angie Heydon: Exactly.

Ms. Catherine Fife: CCACs recognize how important nurse practitioners are and the value and the cost-effectiveness of hiring that level of skill, and yet you do have a very serious issue around training and retention of nurse practitioners as well; right?

Ms. Angie Heydon: That's absolutely correct because one of the things that the compensation issue has done is put a chill on nurses going into nurse practitioner training. To become a nurse practitioner, you are a nurse first and typically work for about 16 years and then you go back to school for two or three years of additional training. Many nurse practitioners have told us that once they come out of that training into a nurse practitioner role in primary care they are earning less than what they did as a registered nurse in a hospital.

Ms. Catherine Fife: That's disturbing because this government has said, in writing, anyway, that they recognize how important nurse practitioners are to the overall health and well-being of the system.

One thing on the aboriginal health access centres, which we heard both in Fort Frances and in Sudbury, is that those centres are not funded for IT support. They are actually using patient service funding to meet the requirements of the ministry to address their data information and IT. Can you comment on that? Do you receive any money for IT support?

Ms. Angie Heydon: Aboriginal health access centres are members of my collaborating association, the Association of Ontario Health Centres. I'm not as fully versed in that detail. I know the human resource issues, but I'm sorry, I don't know about the IT issues.

Ms. Catherine Fife: Okay. Well, this is interesting. Basically, what we've heard is that there's a walking contradiction here in that the government says that they truly understand how access to team-based primary care needs to be strengthened and encouraged in the province of Ontario, and yet the funding has not kept pace—

The Chair (Ms. Soo Wong): Ms. Fife, I'm sorry.

Ms. Catherine Fife: Thank you.

The Chair (Ms. Soo Wong): This ends the presentation this morning. Thank you very much.

HOME CARE ONTARIO

The Chair (Ms. Soo Wong): The next presenter is Home Care Ontario, Susan VanderBent. Thank you. I believe the Clerk has some handouts for us this morning. Good morning; welcome. As you know, you have 10 minutes for your presentation followed by five minutes of questioning. This round of questioning will be coming

from the government side. When you begin, please identify yourself as well as your position with Home Care Ontario. Thank you.

Ms. Sue VanderBent: Thank you. My name is Sue VanderBent and I'm the CEO of Home Care Ontario, a provincial association representing 40 direct-service providers delivering home care in the province. My members employ thousands of nurses, personal support workers and therapists. In fact, they are really the unsung heroes of the health care system, responsible for delivering 700,000 Ontarians a year with home care. These organizations and their staff provide rapid, responsive, mobile clinical care 24/7, 365 days a year. Staff travel to the clients in all kinds of weather and road conditions. We bring people home from the hospital; we take them to appointments; we heal wounds; we support them in their everyday lives.

We are in some ways more similar to FedEx than we are to the rest of the institutional health care sector. Sometimes that helps people kind of visualize: On a snowy day, or like last night, there's a home care worker outside bringing that care home.

We know Ontarians love home care and they've told us they want more nights at home—we want to give them more nights at home—and my association is here today to offer some suggestions. I have a formal brief, but I just, in fact, wanted to talk to you today about some of the highlights.

First, I would like to say that Home Care Ontario thanks the government for the three-year investment in home and community care in 2013, and the funding to increase PSW wages announced in 2014.

We know government and society recognize the importance of shifting the funding and care to the community, but it's a hard job and I certainly understand that. However, we think there are things that we can do to achieve efficiencies, to educate, to continue sustained investment and to make that palatable for society.

As you know, publicly funded home care represents about 4.8% of the total proportional health spend in Ontario, and this small sector provides about 38 million hours of care to Ontarians. Additionally, we estimate that people are purchasing an additional 20 million hours of care annually. So the need is therefore great and growing for more home care.

1020

Clearly, Ontario needs to continue sustained investment in service delivery in the home. In Ontario, home care costs about $48 a day. Home care costs the government considerably less than the cost of hospital or long-term care. Care for a terminally ill person at home is estimated to cost 10 times less than providing care in an acute hospital.

However, on the front line of home care, service provider organizations have been harshly impacted by cost containment strategies, and their staff have in fact borne part of the impact. We had a recent fee-for-service market assessment, which we have posted, in 2013, and it does say that SPOs, or service providers, are struggling to serve patients at existing rates such that there is insufficient financial capacity to invest, to build and to be incented. The report states that home care has the lowest compensation rates in all of health care, and this disparity creates significant recruitment and retention issues, which is part of what our last speaker talked about.

We think one of the ways to improve is to look at harmonizing the literally hundreds of different rates that we have, established by the province in the old RFP process which has now been discontinued. But the funding inequities live on, and we need to harmonize those rates so that we can look at better compensation for our staff and help people live at home.

We know that our government has spent some time looking at palliative care. We want to reduce the numbers of people dying in the hospital by 10%, which is an excellent goal. Far too many people are dying in the hospital. Rather, they would prefer to spend their last days at home. We need multi-year funding specifically for that patient population to enable them to be at home.

Research has told us what we intuitively know: that family caregivers are the backbone of the health care system. I would hazard a guess that every single one of you has a story. Most people have a story about caregiving. Many MPPs tell me that this is what they hear the most from their constituents at the door. Because of this, we do acknowledge what the government has done in terms of passing Bill 21. But more needs to be done, and family caregivers, we believe, need to receive financial relief through tax benefits if they are purchasing care on their own from companies that provide care and good staff support.

Further efficiencies in home care can be found by adopting new models of funding services. We have been working with the CCACs to develop a way that is different than the old fee-for-service market model, moving to one that actually follows the Excellent Care for All Act and sets performance expectations and that shifts clinical care to the front line, where it really needs to be, so that our doctors and our hospitals can talk directly to the service provider that is dealing in the home with the patient. From a service point of view, we think this could reduce some inefficiencies and move our CCACs into this important system-navigation role which is going to be so critical as we see greater numbers of elderly moving into our system.

A key recommendation is to appoint an assistant deputy minister responsible for home care. We think this would be a very, very important acknowledgement of the profound shift in health care to the home. The appointment of an ADM would be a great way to recognize this shift.

Finally, Home Care Ontario urges government to truly embrace the fact that, given all the health care and all the public health, we will all live to be a good old age. I think we all will in this room. That being said, preparation is necessary. People need to understand just how long they may live and what kinds of services they may need. All of us need to have an honest conversation in terms of

assessing what our needs are and where the limits are, because there are limits in every system, and this is no exception. We're encouraging a full understanding of an assessment so that families can make good decisions.

In conclusion, there is no question that more Ontarians are choosing to live at home. They want more nights at home through all stages of illness, recuperation, as they age and at end of life. There's a need to strongly invest in the home care sector in order to increase the amount of care available. We believe that significant progress can be made on these three critical fronts: continued investment, capturing efficiencies and educating Ontarians.

Thank you very much for your time this morning. I'd be happy to take any questions.

The Chair (Ms. Soo Wong): Thank you very much.

Mr. Baker, do you want to begin the questioning?

Mr. Yvan Baker: Thanks very much, Madam Chair. I think MPP McGarry will also have a question at the end.

Thank you very much for coming in.

Ms. Sue VanderBent: You're welcome.

Mr. Yvan Baker: I represent a riding called Etobicoke Centre, and we have one of the highest percentages of seniors in the province. One of the things that I recall very distinctly, and that has stuck with me, in knocking on doors and in talking with constituents now, was how often the issue of community care, and home care specifically, was raised. It was raised not just by seniors or people who might be recipients of the care that your members provide, but it would be people of middle age. It would be that sandwich generation; it would be those folks in the community who are helping to care for their parents.

The work that you provide is tremendously important, and I thank you and your members for that. As a result of that, this is one of the reasons why—I'm not the only one here, certainly, in this caucus, but I'm one of the folks who has been advocating for continued investments in community care, because I think it's so important, not just because it allows for the kind of care that those folks that you talked about need and want, but because it enhances the quality of life of the people who are caring for those folks—for the families—and as you said, because it can be, depending on the situation, a more cost-effective way of caring for patients as well.

With that in mind, I was hoping you could talk a little bit about—you mentioned in your submission here the three-year investment in home and community care in 2013. I'm wondering if you could just talk about what the impact of that investment has been.

Ms. Sue VanderBent: Certainly, it has helped us to serve more people, and that has been the goal of government: We want to increase the numbers of people that we're serving. With that, we are serving more people, with more money, but it doesn't go very, very far when we're looking at trying to serve more people. I think that's a laudable goal, because we do want to serve as many people as possible. However, more money to serve more people is a bit of a wash.

The PSW stabilization strategy has been hugely important. We've lobbied for this for quite some time. It's critical that we get these salaries up and that these important workers get recognized. That has been very helpful. We are looking forward to seeing that increase recruitment and retention so we keep our PSWs. Some of the information that I have is that most of our staff, or my members, have a work tenure of three to five years. We want to see that improve even further.

The money is very, very welcome, and it does improve the situation.

Mr. Yvan Baker: Great. For the sake of my constituents and the other constituents who are watching at home—you talked about the wage increase and how it can improve retention—can you just talk about how that improves care at the front line? How does that impact care for our constituents?

Ms. Sue VanderBent: Certainly, a happier staff person, or a person who feels better recompensed, will have a better quality of working life. But as I said at the beginning, home care is an area where you have to really like the autonomy and you have to like the work of it. You do have a lot of autonomy, and you do have a great personal relationship with people. I think there are lots of people—nurses, personal support workers, therapists—who enjoy that type of work. I think you have an expert here, with Ms. McGarry, who will tell you that.

Quality of life and quality of work life increase when people feel that they are recompensed properly for what they are doing, and we are working toward that $16-an-hour minimum, which will help us. It doesn't get us to parity. We know that there's a long way to parity with other parts of the system. That's something that I think is a work in progress, and we have to work with government to do that.

1030

The Chair (Ms. Soo Wong): I see that Mrs. McGarry has a question for you for the last minute.

Mrs. Kathryn McGarry: It's nice to see you again.

What is needed to shift patients in end-of-life care from hospital to home, in your opinion?

Ms. Sue VanderBent: It's nice to see you.

I used to be a palliative care worker at St. Joe's in Hamilton for many years. I think one of the things is to absolutely have supports that people and families can feel comforted with and able to access. We all know that when people are dying, things can happen, and the thing that we do the most is panic, and we end up going to the ER. People have to know who to call, what the plan is and what they can do when things happen that are going a little bit differently than they expected. It's that key relationship that they have with the nurse in the home, the personal support worker and the team. The last thing we want is—

The Chair (Ms. Soo Wong): Thank you very much for your presentation and your written submission.

Ms. Sue VanderBent: Thank you.

CO-OPERATIVE HOUSING FEDERATION OF CANADA, ONTARIO REGION

The Chair (Ms. Soo Wong): The next presenters are the Co-operative Housing Federation of Canada, Ontario Region. Good morning, Nicole. Welcome back. I think we have an annual ritual of seeing you here at the House.

Ms. Nicole Waldron: I'm just going to get a couple of residents in here.

The Chair (Ms. Soo Wong): That's good. Okay. Good morning, Aaron.

Ms. Nicole Waldron: Aaron has a little injury.

The Chair (Ms. Soo Wong): I was going to say that he looks like a little something happened.

Good morning. As you heard earlier, you have 10 minutes for your presentation, followed by five minutes of questioning from the committee. This round of questioning will be coming from the official opposition party. You may begin any time. Please identify yourself and your position for the purposes of Hansard. Thank you.

Ms. Nicole Waldron: Good morning, everyone. As previously mentioned, my name is Nicole Waldron. I am the president of the Ontario council of the Co-operative Housing Federation of Canada. We represent 555 non-profit housing co-ops, home to some 125,000 people, located in 97 out of the 107 provincial ridings.

I am very pleased to be here this morning to present our suggestions for the 2015 provincial budget. Harvey Cooper, our managing director, whom most of you all know, unfortunately is unable to be here with us this morning, and he sends his regrets. In his place is Aaron Denhartog, our government relations program manager, who'll be happy to answer any questions you may have after I am done presenting.

Ontario is facing a staggering and growing shortage of affordable housing. The over 165,000 households currently languishing on the municipal waiting lists across the province are the front-line victims of the market's inability to solve the affordable housing crisis. While about 1,500 affordable housing units have been created annually through the Canada-Ontario affordable housing program—and now its successor, the investment in affordable housing over the last 12 years—the amount of investment is quite modest when compared to the affordable housing supply programs in existence from the end of World War II to the mid-1990s.

We recognize that the province has set clear priorities of stimulating the economy, creating jobs, building infrastructure and bringing the budget into balance by 2017-18. In light of this, we offer five low-cost or even no-cost initiatives that Queen's Park can take, which we encourage all parties to support, to create new affordable housing and to ensure that the existing housing stock is preserved as a long-term public asset.

First, we are asking the provincial government to replace the expiring federal housing assistance for low-income households. Today, nearly 200,000 vulnerable Canadian households, almost half living in Ontario, depend on federal rent-geared-to-income—RGI—housing assistance to pay their rent. Of these households at risk, just over 7,000 live in federally funded housing co-ops in Ontario.

Federal assistance is delivered through operating agreements with co-ops and other housing providers developed under federal housing programs in the 1970s and 1980s. When these agreements end, so does the RGI subsidy. The funding necessary in Ontario to maintain these existing RGI affordable homes is quite modest. The cost of the overall social housing portfolio averages about $15 million annually over the next few years as agreements expire. The cost of the co-op share of this portfolio is estimated at only $1 million.

There is currently no commitment from the federal government to extend RGI assistance. Some of these agreements have already expired, and we are quickly approaching 2020, at which point a large majority of the contracts will have ended. This is a critical issue for federal co-ops. Vulnerable households have few other affordable housing options, and they will not be able to afford to stay in their co-op homes without assistance. The federal government has been largely silent on this issue.

There are billions of federal dollars that will become available over the next quarter-century as these operating agreements expire. The Ontario government has a clear interest in ensuring that existing affordable housing continues to be available. Together with other provinces, Ontario should negotiate with Ottawa for the reinvestment of expiring federal assistance and a long-term cost-shared plan for affordable housing that includes rent supplement funding.

A key part of this solution is to ensure that households now receiving RGI assistance continue to qualify and can remain in their homes. If we allow the current agreements to end, these vulnerable residents will not only face eviction but are most likely to be added to the 165,000 households on wait-lists for affordable housing units in the province. My friends, this can increase our homelessness problem.

Second, we encourage the province to enact inclusionary zoning legislation. The province, under its planning authority, can mandate a municipal zoning approval process that requires developers to make a percentage of housing units in new developments available at below-market rents. In return, the developer would receive a density bonus, allowing more units than would ordinarily be permitted under zoning restrictions. The below-market housing created would be affordable to many low- and modest-income households that cannot afford the steep rents charged in most recent condominium developments.

Previously, MPP Cheri DiNovo has brought forward bills with this intent, and MPP Peter Milczyn's current private member's bill, Bill 39, the Planning Statute Law Amendment Act, is yet another legislative effort to usher in this effective affordable housing tool. The government should give serious consideration to expediting and enacting such legislation.

Inclusionary zoning has proven an effective tool in a number of jurisdictions, particularly in the US, where it has been used in a number of states and municipalities. In many cases, thousands of affordable housing units have been brought on stream without incurring public expenditure.

Third, we are asking for government lands and surplus school properties to be made available for affordable housing. A major part of the capital costs for affordable housing would be removed if the land were available at a nominal charge or through very favourable long-term leases. This would reduce the capital grant required from government and bring down the required economic rents. It will also lower the subsidy required to bridge the gap between economic rent and an RGI rent level.

Fourth, we ask that all three parties continue to work towards preserving the existing stock of affordable housing. The long-term viability of much of Ontario's social housing stock is at risk. As economist Don Drummond noted in his 2012 report on the reform of Ontario's public services, "Much of Ontario's social housing was constructed over 30 years ago" and is in need of repair and rehabilitation.

"The province also has an ongoing obligation to help ensure the safety and sustainability of municipal infrastructure."

Drummond includes social housing as a key component of that municipal infrastructure, which he characterizes as "crumbling."

Finally, we are asking the government to build more co-op housing. For many years, CHF Canada has raised concerns with the province about the barriers to development of co-ops and other community-based non-profits under federal-provincial AHP and IAH programs.

Historically, almost a quarter of social housing developed in Ontario was co-op housing. Under current programs, that share has dropped to less than 4%. We don't believe this is the policy intent of the government of Ontario. We know that MPPs from all three parties have spoken about the benefits of the co-op housing model and have universally agreed that co-op housing is cost-effective and builds healthy communities.

We urge the government to examine the barriers that have blocked the development of housing co-ops under recent supply programs and take steps to address them.

1040

Another measure that we have recommended previously to achieve more co-op housing development would be for the government to set aside a certain number of units specifically for development of co-ops. The province has used this type of approach when they set up a reserved stream for development of affordable housing on brownfield sites a few years ago.

The co-operative housing sector is anxious to work with all MPPs of all parties to follow through on these practical suggestions and to partner with government to find other creative ways to ensure that every Ontarian has a decent, affordable place to call home. We believe every Ontarian has the right to affordable housing, for housing is a right and not a privilege.

I would like to thank the committee for their time. As mentioned, Aaron would be happy to take any of your questions.

The Chair (Ms. Soo Wong): Thank you very much. Mr. Fedeli, do you want to begin the questioning?

Mr. Victor Fedeli: Thank you very much. I'm sorry Harvey wasn't here today. Aaron, it looks like you won the battle with Harvey, took him out and got here today.

Mr. Aaron Denhartog: Yes, that's one way to put it.

Mr. Victor Fedeli: I appreciate your comments on the Affordable Housing Program, the AHP. When I served as mayor of the city of North Bay, we actually invested—and we were the only community in Ontario—municipal dollars to build 118 AHP units with our partners, the province and the feds. But it wasn't going to happen without the municipal contribution; there just wasn't enough money in the program. So I appreciate your efforts and the efforts of the co-op housing units in the city of North Bay as well.

You talked about surplus schools as a possible location for affordable housing. Have you done any kind of studies with respect to retrofitting these older buildings?

Mr. Aaron Denhartog: Not in terms of retrofitting. The problem right now is that under the Education Act, if a school closes, the priority is not given to affordable housing; it's given to local and municipal governments or boards or directed towards programs that benefit children in some way. So that's one of the changes we'd like to see: in just one of the subsections if we could just include co-ops and affordable housing under that list of priorities.

I'm sure we all saw the report from the TDSB yesterday about the risk of one in five schools closing. Obviously that's not good news, but if that is the case, we're hoping that some of that land could be used, or at least prioritized, for some affordable housing.

The Chair (Ms. Soo Wong): Mr. Arnott.

Mr. Ted Arnott: Thank you very much for your presentation.

Ms. Nicole Waldron: You're welcome.

Mr. Ted Arnott: It's appreciated. I'm looking at your first recommendation: "Replace expiring federal housing assistance for low-income households." I think there's some misunderstanding about co-op housing that's important to clear up. A significant number of your units in a typical co-op are market rent, and that serves to subsidize some of the lower-income people who pay a percentage of their income. Is that not correct?

Mr. Aaron Denhartog: No. The way it works is, when the co-ops were originally built, the mortgage was through CMHC, and so typically about 80% of the members paid market rent. The other 20% have their rent subsidized through the federal government, so it's not the members who are subsidizing the other 20%. That subsidy is through the federal government, directly through CMHC, and those contracts are ending. So as the mortgages end, the buildings have been paid for; they have

been financed. It is the subsidies that we are at risk of losing.

What we're saying is, in terms of repairing the buildings and doing capital repairs, we can take care of the buildings. The buildings are fine. But what we're losing is those subsidies for our most vulnerable members. These are single-parent households, elderly, disabled. People who are our members who have lived and helped build up their communities for the last 10 or 20 years live day to day with the fear that they are going to be economically evicted.

Mr. Ted Arnott: So if these agreements are not renewed by the federal government, and they are not picked by the province, then what does the management of the co-op do? Increase the rents of—

Mr. Aaron Denhartog: We're just kind of reaching the period where these agreements are ending. What a few co-ops have done is, because they are democratically governed, the members have voted to pick up the subsidy, like your earlier suggestion. That's what they have done. But what happens is, then their capital reserve is negatively affected.

I think it speaks volumes about the co-op membership that it's something they are willing to do to pick up the slack and support their more vulnerable members, but these are going to be thousands and thousands of units that are going to be lost, and it's just unsustainable to ask these co-ops to do this long-term.

Mr. Ted Arnott: Are the agreements typically 25 years or 30 years in duration?

Mr. Aaron Denhartog: I'm not 100% sure.

Ms. Nicole Waldron: They are between 25 and 30 years, and because they are ending now—as Aaron just said, once the subsidies end and the co-ops can't continue to sustain those who are in subsidized units, they have to raise the rents, because it has to be paid, and these individuals won't be able to afford it. As one senior said to me the other day, "I can barely feed myself, and I'm going to be homeless." So it's very emotional, because even as I sit and I listen to them, I have nothing to tell them.

Mr. Ted Arnott: To "enact inclusionary zoning legislation": Would you explain again what you mean by that?

Mr. Aaron Denhartog: The way it works, and I'm sure the member from Etobicoke–Lakeshore would be happy to give you a briefing afterwards, is that typically, under a new development—say it was over 100 units—you would set a threshold. A certain number of those units would be set aside for affordable housing, and you could set that as a certain percentage below the market rate, and those who qualify would be a certain percentage below the median income.

The Chair (Ms. Soo Wong): All right. Thank you very much, Nicole and Aaron. Thank you for your presentation and your written submission as well.

Aaron, take care of yourself.

ONTARIO REAL ESTATE ASSOCIATION

The Chair (Ms. Soo Wong): The next group before us is the Ontario Real Estate Association. I believe Mr. Tom Lebour and Matthew Thornton are here today to join us.

Good morning. Welcome, gentlemen. As you heard earlier, you have 10 minutes for your presentation, followed by five minutes of questioning, and this round of questioning will be coming from Ms. Fife of the official third party. You may begin any time. Please identify yourself and your position with the Ontario Real Estate Association for the purposes of Hansard. Thank you.

Mr. Tom Lebour: Thank you very much. Good morning, everyone. My name is Tom Lebour. I'm a broker with Royal LePage Real Estate Services in Mississauga and current chair of the government relations committee at the Ontario Real Estate Association. Joining me today is Matthew Thornton, OREA's director of government relations. We would like to thank this committee for the opportunity to present our recommendations for the 2015 Ontario budget.

By way of background, the Ontario Real Estate Association is one of the province's largest professional associations, with over 60,000 realtor members in 40 real estate boards throughout the province. As you can see from our pre-budget submission, OREA has made five recommendations for inclusion in the 2015 Ontario budget. For the purpose of this presentation, however, we will focus on two realtor priority issues.

Before we get to OREA's recommendations, I would first like to provide the committee with an overview of the real estate market and some brief comments about the importance of the housing industry to Ontario's economy.

Now, 2014 was a good year for the housing market in Ontario. Dollar volume, unit sales and average price all saw healthy increases from 2013 to 2014. In 2014, Ontario realtors transacted 206,000 residential properties, up 3.7% over the last year, with the overwhelming majority of local markets seeing year-over-year increases. These sales were valued at $80 billion, up from $79 billion in 2013. The average price of a residential home in Ontario increased from $402,000 in 2013 to $430,000 in 2014, up 7% year over year. While the increase in average prices has reduced affordability in some markets, low interest rates and strong demand should continue to support a stable provincial housing market in 2015. According to the Canadian Real Estate Association, Ontario will see moderate gains of 1% to 2% in average price, unit sales and dollar volumes in 2015. This bodes well for both home buyers and sellers as we head towards the spring market.

But how important is this activity to Ontario's economy? Research has shown that each resale home transaction in our province triggers consumer spending that has broad economic impacts. More specifically, each transaction generates $53,000 in additional consumer spending on everything from professional services to ap-

pliances and home renovations. In 2014, this consumer spending generated over $10.9 billion in economic activity and supported the creation of 77,000 jobs. These jobs include both direct and indirect jobs in the manufacturing, construction and financial service sectors.

1050

In short, Ontario's housing market supports a large portion of the province's economic output and thousands of jobs annually. We urge this committee to be conscious of these important benefits as it considers recommendations for the 2015 Ontario budget.

On now to OREA's recommendations, which focus on two key themes. First, we are advocating that real estate professionals in Ontario be treated fairly when it comes to forming professional corporations. As many of you know, Ontario realtors are prevented by the Real Estate and Business Brokers Act from incorporating their businesses through a personal real estate corporation. While the barriers to forming PRECs are real, the rationale for why Ontario realtors continue to be treated unfairly is not.

When REBBA was drafted in the early 2000s, the government mandated that a real estate brokerage could only pay fees to a registered or licensed entity under the act. Since REBBA does not consider PRECs as a class of licence, it effectively precludes a salesperson from operating their business through a professional corporation. This structure was implemented as a method to prevent unlicensed persons from trading in real estate, not to stop PRECs.

Since then, the government has moved to permit a number of professions in Ontario to form professional corporations. Namely, chartered accountants, architects, social workers and veterinarians have all been granted the ability to form professional corporations under the Business Corporations Act. More recently in 2008, the province gave mortgage brokers, a profession very similar to real estate, the ability to incorporate. But what about other provinces? Starting in 2008, the BC, Nova Scotia, Quebec, Manitoba and Alberta provincial governments all moved to permit PRECs.

While fairness continues to be the most compelling reason in support of PRECs, this proposal also involves a modest economic benefit and will cost the provincial treasury no lost revenue. According to our research, PRECs would not only more than pay for themselves through the collection of additional sales tax revenue, they would also create up to 80 new jobs per year and pump $25 million into Ontario's broader economy. In short, making the move to permit personal real estate corporations would be a revenue-neutral policy change for the government that would also include a modest economic benefit.

Finally, like other professional corporations, PRECs will in no way hamper consumer protection. Instead, real estate salespeople who form personal corporations will continue to be subject to all professional and ethical obligations under the Real Estate and Business Brokers Act.

OREA's second recommendation for the 2015 Ontario budget focuses on an issue that's near and dear to millions of Ontarians: protecting the dream of home ownership. More specifically, we are recommending that the government of Ontario protect affordable home ownership for future generations and oppose the spread of the municipal land transfer tax.

By way of background, in 2006 the government of Ontario passed legislation giving the city of Toronto powers to raise additional revenues. Subsequently in 2008, Toronto introduced a municipal land transfer tax. Unfortunately, we know municipalities across Ontario are eager to acquire the same revenue-generating powers as Toronto. We also note that the province is preparing to conduct a review of the Municipal Act. As such, OREA is very concerned that an MLTT is being considered as a potential new revenue tool for municipalities.

As you know, the municipal land transfer tax is applied to purchases on all properties in the city of Toronto over and above the existing provincial land transfer tax. Last year, the MLTT added $7,000 to the average-priced Toronto home. Altogether, local homebuyers will pay $15,000 in land transfer taxes to the province and the city on an average-priced home.

Ontario realtors oppose this tax for many reasons, but today we'll focus on two.

First, the tax is fundamentally unfair. A municipal land transfer tax forces a small segment of taxpayers to fund municipal services enjoyed by everyone. Each year, a small percentage of Ontario homeowners will move for different reasons: a young family with a baby on the way who needs more space; aging seniors who need to change their lifestyle; or, heaven forbid, a family breakup. It is unfair and wrong to expect these people to shoulder so much more of a burden in taxes for no additional services.

Second, this tax is bad for the housing market and, by virtue, bad for jobs and the economy. For example, in 2012, a C.D. Howe Institute study found that the MLTT in Toronto has caused a 16% annual reduction in resale home transactions since it was introduced. Building on C.D. Howe, a 2014 Altus Group report found that an estimated 38,000 resale transactions were lost in Toronto between 2008 and 2013 thanks to the MLTT. Perhaps most disturbing, the study found that the tax caused a loss of $2.3 billion in economic activity and a loss of nearly 15,000 jobs.

Altus Group also conducted research into what the impact of an MLTT would mean if it were to spread to other municipalities, including London, Hamilton, Mississauga, Ottawa and Thunder Bay. The results show a significant reduction in home sales in each of the five markets—

The Chair (Ms. Soo Wong): Mr. Lebour, can you wrap up your presentation, please?

Mr. Tom Lebour: Yes. In conclusion, we are here on behalf of Ontario realtors today to remind this committee that home ownership is and will always be the dream of the middle class. It is an institution that is vital not only

to our economy, but also to our social fabric. Let's continue to support affordable access to home ownership for the present and future generations. Let's support the Canadian dream here in Ontario.

Thank you, and we are happy to take your questions.

The Chair (Ms. Soo Wong): Thank you. Ms. Fife, do you want to begin the questioning?

Ms. Catherine Fife: Thanks very much, Tom and Matthew, for coming in. We've heard throughout the province, actually, how important home ownership is, and we've learned a lot more about the barriers to home ownership, depending on where you are in the province of Ontario. The issue of the municipal land transfer tax: Municipalities are desperate for revenue. This government is desperate for revenue. What indication do you have that the government will move forward with enabling municipalities to have this tax?

Mr. Matthew Thornton: There's been no direct indication or overt indication. We know that the act is up for review, and certainly a lot of the large urban mayors are pushing behind the scenes for more revenue tools. The MLTT is an attractive one because here in the city of Toronto, it is generating a lot of revenue. So that's our concern.

There have certainly been no indications either way, but we're being proactive in engaging—

Ms. Catherine Fife: So you're red-flagging it.

Mr. Matthew Thornton: Yes, absolutely. Yes.

Ms. Catherine Fife: The resistance to the personal real estate corporations—you make a strong case for this. As you say, mortgage brokers have already been allowed to go down this road. What is the resistance to enabling this legislation?

Mr. Matthew Thornton: Although our research goes into quite a bit of detail about how the proposal is revenue-neutral, there are some concerns inside the Ministry of Finance around the potential for lost revenue, although we would certainly suggest that it is a break-even proposition for the province. We continue to work on it, we continue to have those discussions with folks inside government, but it's moving a little bit more slowly than we would like.

Ms. Catherine Fife: Well, you did bring forward some research from KPMG in 2002 that said that there could be some costs—but that depends on the market as well, I anticipate.

Mr. Matthew Thornton: It does. There are certainly some costs in terms of the change, but our research has shown that once you make the change, the additional business that a corporation would do would generate more sales tax revenue. That lost corporate tax revenue would be regained through additional sales tax revenue to the province.

1100

Ms. Catherine Fife: Sure. You didn't get a chance to address the issue of marijuana growops because you ran out of time. It was just an issue on the news last night; I was watching. Did you want to expand on the need for a registry?

Mr. Matthew Thornton: Absolutely, yes. I think that one of the concerns that our members have when they're helping people to buy homes is that there's no reliable way for a homebuyer to know whether or not the property they're looking at purchasing was a former marijuana grow operation.

MGOs can have a lot of health and safety issues associated with them. Mould is probably the most common one. Certainly, that can impact people with asthma and that kind of thing. What we're suggesting is that the province create a registry, through the land title system, that would allow a homebuyer to see if the property they were purchasing was a former marijuana grow operation. That would involve some coordination between law enforcement and municipalities to register those work orders on title, but it would provide a really effective way for buyers to know that the property they were purchasing was a former MGO and to make an informed decision.

Ms. Catherine Fife: Yes, and it's a consumer protection issue.

Mr. Matthew Thornton: Absolutely.

Ms. Catherine Fife: But it could be a deterrent as well, because if we're tracking it, then people know that they can't just open a growop wherever.

Mr. Matthew Thornton: Absolutely, yes.

Ms. Catherine Fife: Of course we're supportive of that, and that just makes sense.

You've raised the issue of the deficit/debt reduction. This is a huge issue for you. Do you want to talk about consumer confidence in the province of Ontario as it relates to the financial state of the province of Ontario?

Mr. Matthew Thornton: Certainly. I think we can talk about it from the perspective of the housing market. Obviously, deficits and debt can have an impact on interest rates, and certainly that's our concern from a homebuyer's perspective. I think the province has made a commitment to balance the budget in 2017-18, and our recommendation is just to stick to that timeline.

Ms. Catherine Fife: Do you think that they're going to hit that target?

Mr. Matthew Thornton: We're very hopeful that they do, yes.

Ms. Catherine Fife: You're cautiously optimistic?

Mr. Matthew Thornton: Cautiously optimistic, yes.

Ms. Catherine Fife: Well, that's something.

Brownfield development: You didn't really get to this. This is absolutely a growing issue, especially with Places to Grow and the way planning acts are not aligned municipally to the provincial legislation—

The Chair (Ms. Soo Wong): Okay, Ms. Fife, we're done.

Thank you very much, gentlemen. Thank you for your presentation and your written submission.

COMMUNITY LIVING ONTARIO

The Chair (Ms. Soo Wong): The next group before us is Community Living Ontario, and I believe it is Mr. Chris Beesley and Mr. Gordon Kyle. Good morning.

Mr. Chris Beesley: Good morning, everyone. So far so good. All right. I'm Chris Beesley, and I'm chief executive officer at Community Living Ontario. Presenting with me today, to my left, is Gordon Kyle, our director of policy.

For over 60 years, Community Living Ontario has worked on behalf of people who have an intellectual disability, and their families. Our goal is a community where all people live in a state of dignity, share in all elements of community life and have the opportunity to participate effectively. We're pleased to have this opportunity to share with the standing committee some of the ways that government policy and funding might contribute positively to this outcome.

Over the past several years, we've spoken to members of Parliament, including the members of the standing committee, about the alarming wait-list for support in the developmental services sector. Close to 10,000 people have been waiting for daily living supports, and more than 12,000 have been waiting for supports they need to live in a home of their choosing.

In this past year, government listened and announced significant new investments in developmental services over the next few years. We thank the government for this important commitment. It's estimated that the promised investment will completely eliminate the wait-lists for daily living supports provided through Special Services at Home and Passport funding.

The new money will begin to address the huge need for residential support as well, reducing the wait-list by about 1,400 people.

It's a pleasure to appear before the standing committee for the first time in many years and be able to say that we're not looking for additional new investments in supports and services in the near future.

Interjection.

Mr. Chris Beesley: I know, right?

However, we do of course want to ensure that the funds that have been promised do flow as planned, something we are confident that the government is committed to do. We also want to ensure that the new funding is used effectively.

In response to urgent need for support, the government is rolling out the promised new funding quickly, which we applaud. But care must be taken, however, to ensure that service providers and families receiving direct funding do not, in their haste, initiate models of support that are congregated and segregate people from the community just because they're familiar to us and therefore may be quick to set up. We must always focus on the needs of the person who is seeking support first, and plan accordingly, even if this takes more time.

We must also pay attention to the long-term sustainability of the developmental support system. We recognize that the unmet need that will continue to exist after the full implementation of current investments will not be addressed by funding increases alone. We must ensure that people are able to take full advantage of all the supports their community offers beyond those provided through developmental services.

The good news is that enhancing access to broad community supports for people who have an intellectual disability is not only fiscally beneficial, it is essential to our overall goal of supporting people to live lives fully included in their community.

Community Living Ontario and many others in the sector have called on the government to work with the community to develop a long-term plan for the sector. The recommendations of the Select Committee on Developmental Services and the work that is already under way to implement those recommendations will contribute positively to such a long-term plan. In particular, we applaud the efforts under way to improve cross-ministerial co-operation. Additionally, we applaud progressive initiatives such as the MCSS housing task force that is exploring innovative ways of developing affordable and accessible housing, and encourage similar initiatives related to issues such as employment and education.

For many people, their family represents the most important support they have in their lives. We must find ways to support families to carry out the natural support roles they are able to play while not creating unreasonable expectations about what that role might entail. Where necessary, we must provide support to families so they can carry on that support that they are able and willing to provide.

On another subject, Community Living Ontario is concerned about the manner in which changes are being made to the Ontario Disability Support Program—or ODSP—employment benefits. The government is eliminating the \$100-a-month benefit that people currently get if they are employed. That benefit will be replaced with a new annual benefit designed to offset identified employment expenses. Unlike the current monthly benefit, however, the annual benefit will not be automatic, but will be provided where certain allowable costs are claimed.

Community Living Ontario recognizes that the current benefit is not effectively achieving its objective of encouraging people to seek employment and we support the revision of the policy. We are concerned, however, about how the transition to the new policy is being implemented. Given how close to the financial edge people on ODSP find themselves, a cutback of \$100 a month for those currently receiving the benefit could be very difficult, representing a reduction of about 10% to someone who is already living with an income that is 35% below the poverty line.

We recommend that the government step back from this policy change and consider how it can transition to a new mechanism for encouraging and supporting people to seek employment that does not result in the sudden

loss of a benefit that many have come to rely on. Of course, the shock of this change would not be so profound if people were already receiving an appropriate amount of funding to ensure a reasonable standard of living, so we repeat a recommendation we have made in the past: that a mechanism be introduced for fairly determining what a person needs to sustain a reasonable quality of life and that ODSP benefits be adjusted to comply with that assessment.

Additionally, where a person chooses to seek employment, there should be no reduction in the ODSP benefits a person receives until after the person has achieved an income, including benefits and wages, that is greater than the established poverty line.

Finally, we would like to comment on the recent Provincial Auditor's report on the developmental services sector. While the report accurately outlines many of the challenges faced by the sector, we do not agree with some of the analysis and conclusions contained in the report.

The report fails at times to account for the principles of individualization and inclusion that underlie the most progressive work that is done in our sector. For example, in criticizing the time it takes to match a person to a vacant spot in a residential setting, the auditor points to the long-term-care practice through which a person has one day to decide whether to accept a placement offer and then five days to move in. The report fails to acknowledge that a placement in a long-term-care facility is focused on the specific aim of providing access to particular health care needs, usually near the end of one's life. The decision for a person seeking support within developmental services, by contrast, is one of finding usually a long-term home, which may include a decision to share that home with other people who may not be familiar to that person. These are complex decisions and typically cannot be made as quickly as a decision to access health supports.

We thank the standing committee for this opportunity to share a few of our concerns and ideas and we commit ourselves to continue working with all members of Parliament to explore solutions to the challenges we face.

We have provided you with a brief outlining this presentation, including a summary of the recommendations that we have made today.

Thank you very much for your time, and we invite questions at this time.

1110

The Vice-Chair (Mr. Peter Z. Milczyn): Thank you very much for your presentation. Ms. Wong has questions.

Ms. Soo Wong: Thank you very much, Chris, for being here this morning, and also to Gordon for being here.

As you know, I'm the parliamentary assistant to Minister Jaczek for the Ministry of Community and Social Services. I just want to give you an update, because you mentioned a couple of pieces in your presentation this morning.

There have been numerous conversations, just so you know for your sector, about the collaboration between multiple ministries. Significant work has been under play. You know we just passed a budget in July this year, and a number of rollouts are already happening.

You can be assured that this minister and this ministry are committed to all the recommendations as identified by the select committee. My colleague Marie-France and I already have had some conversations dealing with employment and the education piece. You can be rest assured that we are committed to all the recommendations.

I want to go back to your last comment, Chris, with respect to the Auditor General's report. Have you shared your concerns and your issues with the auditor with regard to her report?

Mr. Chris Beesley: I don't think we've communicated directly with the auditor at this point, but that is certainly our intention. Obviously, the recommendations have been made, so we just want to highlight them both here and with Minister Jaczek around those concerns.

Ms. Soo Wong: Okay, that's very important, because although this committee is public and the Hansard will make sure the information gets across, it's also important for your association to share your concerns with the auditor directly.

Mr. Chris Beesley: Sure.

Ms. Soo Wong: I also want to ask you, with regard to the rollout that we had in the 2014 budget, the $810 million, how is that helping your sector in terms of individuals, getting directly to those who have been affected by the funding? Can you share that with the committee?

Mr. Chris Beesley: I think at this point, the official number is 7,900 individuals have received individualized funding as a result of the last budget, which is great. As we mentioned in our presentation, funding alone isn't the solution. It's a big part of it, so we thank you for that, but it's how that funding is utilized. The choices that are available for community supports have to be real ones that are practical solutions that provide real quality supports for getting into the community and participating, as opposed to perhaps some programs that are in place and so are easy to access but may not be the most appropriate, certainly for purposes of future planning and innovation going forward.

Ms. Soo Wong: You mentioned in your presentation the housing task force. You know that the minister is heavily involved with that discussion right now.

Mr. Chris Beesley: Right.

Ms. Soo Wong: What do you think some of the next steps should be for funding the housing options for individuals with developmental disabilities? We just heard this morning from the co-op housing folks. Is your sector working collaboratively with different housing groups out there with regard to these concerns?

Mr. Chris Beesley: Absolutely, and I think it's an issue of, again, not doing the same thing over and over

and expecting a different result. That's the definition of insanity; right? We don't want to go down that road.

For instance, in the situation of a group home, if there are four people living in a home and one space becomes vacant, it's not just a matter of filling the vacancy. It's about giving us permission to close the back door and say, "Okay, now it's going to be a three-person group home," because now we're going to have that one space look like something else. Maybe it's supported independent living; maybe it's creating something through a co-op housing initiative, like what was referenced earlier this morning. It's allowing the flexibility to create something that will better serve the individual rather than filling a bed.

Ms. Soo Wong: Okay. In the 2014 budget, you heard the government's announcement in terms of investing in the front-line workers, which is very important. We heard it time and time again—because, as you know, I was on the select committee. How will this investment support your sector's needs as well as support the front line, the 117 local community associations' members?

Mr. Chris Beesley: Do you want to take this one? I've been doing all the talking, but I'm happy to keep speaking.

Mr. Gordon Kyle: Sure. The investment in support for front-line workers is really critical to this sector. We are a sector that has had great inequity between developmental services and other services with similar qualifications for staff, so we've had, over the years, a lot of turnover in our sector as people are drawn away to other jobs that pay more appropriately. We've taken quite a few steps in recent years, and 2014 is just one additional step that has been very helpful, just to ensure that this sector is competitive with others.

Ms. Soo Wong: I'm hearing that you're in support of it. Thank you.

The Vice-Chair (Mr. Peter Z. Milczyn): Thank you very much for your visit today. If you do have additional written materials, please provide them to the Clerk before 5 today.

ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

The Vice-Chair (Mr. Peter Z. Milczyn): Our next witnesses are from the Ontario Association of Children's Aid Societies. If you could state your name and your position for the official record. You have 10 minutes to present, and the questions will be from the official opposition.

Ms. Mary Ballantyne: Thank you. My name is Mary Ballantyne, and I am the executive director of the Ontario Association of Children's Aid Societies. We have Andrew Snowball with us here, who has got materials to be passed around. Thank you very much for making this opportunity.

The Ontario Association of Children's Aid Societies is the voice of child welfare in Ontario, representing 44 of the 46 children's aid societies, as well as the six pre-mandated aboriginal agencies in Ontario. We are dedicated to providing leadership in the achievement of excellence in the protection of children and the promotion of their well-being within their families and communities.

The children's aid societies in Ontario have the exclusive mandate, defined by the Child and Family Services Act, to provide care for children who have been or are at risk of abuse and neglect. The child welfare legislation and supporting regulations, directives and standards are highly prescribed and specific, with detailed requirements about how the protection of children should occur. All children's aid societies are required to respond to all of the referrals that come to them and determine eligibility for those referrals based on a prescribed tool.

Just a little bit of information about children's aid societies: Most of the work that is done is working with families to support children within their own home. About 90% of our work is done there. Mental health, substance abuse and family violence are the most common reasons that families come to the attention of children's aid societies.

While the overall number of referrals has declined slightly over the last five years, the number of families who are requiring longer ongoing services has increased. Currently, we're working with just under 48,000 families in the province. The overall number of children in care has declined from about 26,000 to 23,000 over the last few years as children's aid societies are working very hard to help families maintain children within their own home.

Children's aid societies are very aware of the fiscal environment in Ontario. Many of them have engaged in a number of different strategies to try to continue to provide the services required within a fixed and very tight envelope. They've engaged in amalgamations and are looking at moving forward with several shared services and other strategies to maintain costs. They are increasingly concerned, though, about the cumulative impact of a new funding model that came into place two years ago, where there is a fixed envelope. Actually, that envelope hasn't increased in the past couple of years.

With the new model, over half of the children's aid societies received a reduction in funding based on socio-economic and demographic factors within that fixed envelope. The concern, of course, is that there is not an indication that that envelope will increase in coming years. Some are quite concerned about their ability to provide services on an ongoing basis.

This year in particular, there are further anticipated fiscal pressures in addition to the usual cost of increased costs in running a business. A number of concerns have also been raised about the safety of the workers going into homes of several families—also the recommendations coming out of the Jeffrey Baldwin inquest and the implementation of those recommendations, as well as the implementation of the new Child Protection Information Network in all children's aid societies.

1120

Even though the CASs have been able to maintain a reasonable level of service over the last few years, with the new funding model—and there's no plan to review that model for the next five years—some children's aid societies are at risk of not being able to fulfill their mandate.

That leads to our recommendations. One of the key recommendations, then, is around the funding model and that there be a review of that model in a couple of key areas. One of the areas is for the agencies that, according to the model, were to receive significant increases in funding, but there was a 2% cap put on the model, so they're not able to receive those increases, and they have increasing demand in their communities that they're increasingly having difficulty meeting.

The second group that needs to be addressed within the model are northern communities where there are small child populations spread across vast geography. Given that much of the funding comes based on child population, it is difficult to provide a similar level of service for children in the north given the geography and the number of services there, so there's a request that the model be reviewed with the impact on children and communities in the north.

The third area is for aboriginal children's aid societies. Many of these children's aid societies are just being developed and being mandated, and their ability to have the infrastructure in place to provide services within the new model is quite compromised. While there have been a number of one-time fixes that have been put in place there, it makes it very difficult for them to plan and build the services necessary to provide for aboriginal children and families through those new agencies.

In addition to the requests around looking at the funding model and the impact on those agencies, we also have some recommendations around policy changes that will require some investment to ensure that all children and youth in the province have the best chance of success.

The first is in the area of providing protection services for children who are 16 and 17. At this point, our legislation only provides protection services up to the age of 16, and 16- and 17-year-olds are not afforded that same level of service, something that we would be looking to hopefully change within the legislation, but there would also be financial supports required there.

The second area would be in the areas of permanency and adoption. There have been good efforts made and good investments over the last few years in that, but there are further requirements or further needs for older children and for children with exceptional needs to be adopted. Right now, if you are adopted as an older youth, you lose all of the assistance that you would get if you remained as a child in care: help with post-secondary education and that kind of thing. It's very difficult for adoptive parents to take on the care of an older youth when they lose all of those supports. The hope would be that those could continue.

The third recommendation would be that there be continued investment in the broader safety net for children in mental health, violence and substance abuse so that the families that we are working with can continue to get the help that they need, because the help in those areas will, of course, enhance the family's ability to protect their children.

In conclusion, our asks include the sustainability of the children's aid society, looking at the new model to ensure that it is covering the needs of children across the province, supports for children and youth who currently aren't as well-supported as they should be and continued investment in the broader safety net for children and families. Thank you very much.

The Vice-Chair (Mr. Peter Z. Milczyn): Thank you very much, Ms. Ballantyne. We have questions for you from Mr. Arnott.

Mr. Ted Arnott: Thank you very much, Mr. Chair. Thank you for your presentation.

Ms. Mary Ballantyne: You're welcome.

Mr. Ted Arnott: I think that your group has traditionally made a presentation to the Standing Committee on Finance and Economic Affairs each year in advance of the budget, and I think it's important that you continue to do that, to update us on the situation, because your mandate is so vitally important to protect children in the province of Ontario. We appreciate the work that you do.

Ms. Mary Ballantyne: Thank you.

Mr. Ted Arnott: The issue of providing protection for 16- and 17-year-olds is something that's been talked about for years now. Has there been any study to quantify what that would cost, to quantify how many 16- and 17-year-olds we're talking about who are currently lacking protection, but in need? Has there been any study that gives us—

Ms. Mary Ballantyne: There have been studies of what information would be available. The problem is that because the mandate doesn't cover that, we don't know how many there are because they're not able to come, and any that do come know that the services aren't there. So it is a difficult thing to quantify. If we felt that there was going to be a move in that direction, we could probably start to estimate some of those costs. In many ways, I don't think they would be significant, but for those children who do need it, it is a very big issue.

It's hard to quantify. Could we begin to, if we felt there was a real move in that direction? Yes.

Mr. Ted Arnott: Okay. My other question concerns the aboriginal children's aid societies. You highlighted their specific needs.

Ms. Mary Ballantyne: Yes.

Mr. Ted Arnott: You indicated that in many cases, they don't have adequate funding, and they need specific and multi-year start-up support, not one-off, one-time fixes.

Ms. Mary Ballantyne: Right.

Mr. Ted Arnott: Could you explain a little bit more about some of the situations that have arisen that you're aware of, that this committee needs to better understand?

Ms. Mary Ballantyne: Yes. There are currently seven mandated children's aid societies in Ontario. Those children's aid societies—as recently as two years ago one of them started, and none of them is more than about 20 years old, so they haven't had the benefit of the last 100-plus years that all children's aid societies have had to be able to acquire some of the capital that you need to be able to run these organizations. So they don't have that.

The funding over the last several years, and any of the funding that they get to start as children's aid societies, is only for service delivery. There is not funding there even for administration, let alone capital and those kinds of things. It puts them at a significant disadvantage to be able to do things like ensure that they have good human resource practices, quality assurance practices, data management practices and the like.

Then, of course, the funding that goes into them for services is based on the same model as for all children's aid societies—and the issues for aboriginal children and communities, many, many studies have shown to be much more significant, requiring more of an investment. For those agencies, they really do struggle to provide the services that need to be provided and then have the infrastructure to build good, robust organizations to ensure that those services are the best they can be.

Mr. Ted Arnott: Thank you.

The Vice-Chair (Mr. Peter Z. Milczyn): Mr. Fedeli in the remaining minute.

Mr. Victor Fedeli: Thank you very much. You touched very briefly on the Jeffrey Baldwin inquest that you mentioned. Of course, for the committee, Jeffrey Baldwin and his siblings were placed in the custody of their grandparents, both of whom had previously been convicted of child abuse. The subsequent coroner's inquest revealed that there wasn't an adequate provincial database to track the information on both the children and the family. They recommended that it be installed by 2016. Can you give us an update on that?

Ms. Mary Ballantyne: The Child Protection Information Network, CPIN, is currently in place in three agencies across the province. In two more agencies, the plan would be that it will be installed fairly soon. Of those agencies, that does cover a large footprint of the cases in Ontario, because they are some of the larger agencies that are there.

The issue with putting in place a huge information network like this on a province-wide basis is we want to make sure that we get it right, because the system can't go down for three or four hours or the caseworkers don't have access to that critical information that they need to ensure children are doing well. There is a very measured approach to moving it forward, and we believe that that measured approach is really important so that we have the best success of making this work.

The Chair (Ms. Soo Wong): Thank you very much for your presentation and your written submission.

1130

ONTARIO PHARMACISTS ASSOCIATION

The Chair (Ms. Soo Wong): Our next presenter is the Ontario Pharmacists Association. I believe it's Dennis Darby, chief executive officer, and Deb Saltmarche. Thank you very much for being here. As you probably heard, you have 10 minutes for your presentation followed by five minutes of questioning. This round of questions will be coming from the third party. You may begin any time. Please identify yourself and your position with the Ontario Pharmacists Association for the purposes of Hansard. Thank you.

Ms. Deb Saltmarche: Thank you. Good morning to the Chair and to members of the committee. My name is Deb Saltmarche, and I am the chair of the board of the Ontario Pharmacists Association. I'm here today with Dennis Darby, the CEO of our association. We thank you for this opportunity to address the committee.

The Ontario Pharmacists Association is the voice of more than 14,500 pharmacy professionals in Ontario. We represent over 8,200 pharmacists, pharmacy technicians and pharmacy student members. They include staff pharmacists working in retail pharmacies, pharmacists who are independent owners of their own stores, hospital pharmacists and those pharmacists who work in non-clinical settings.

Pharmacists are ready and able to do more for Ontario patients. We are pleased that this government is committed to expanding our professional scope of practice. This commitment is written out in the Premier's mandate letter to Minister Hoskins, and further laid out in the minister's mandate letter to Parliamentary Assistant Fraser.

Scope of practice encompasses many health care professions and many things, and we realize that you cannot do everything all at once, so we have narrowed our requests to three priorities that could be acted on in the short term, and that require only regulatory changes, not legislative ones, and modest funding allocations. These priorities were selected because they will allow us to quickly leverage the existing network of community pharmacies and pharmacists. They are natural extensions of existing and very successful programs here in Ontario, and they have proven successful in other jurisdictions in Canada and also in international jurisdictions. Not only would their fiscal cost be minimal, they would produce immediate savings in the health care system and lead to better quality of life for Ontarians.

Priority number one: Let's build on the success of the pharmacy-based flu shot program by expanding the number and type of immunizations and vaccinations that pharmacists can administer. As you're aware, Ontario patients have been able to receive their flu shot from a pharmacist for the last three flu seasons. In fact, some members of the committee may have received their flu shot from a pharmacy. In our first season, we administered close to a quarter of a million flu shots, and about

three quarters of a million flu shots in our second season. That's about 25% of all flu shots according to the Auditor General's report. We hope that very soon we will be able to announce that pharmacists have administered one million flu shots in this, our third season. Clearly, the public has embraced and accepted this type of safe, convenient and cost-effective care from pharmacists, especially as the service is government-funded and approved.

In Ontario, we now have a province-wide network of close to 7,000 pharmacists who are trained and qualified to provide vaccinations, so we can do more. A pharmacist trained to provide a flu shot can also provide other routine injections—it's exactly the same training. We can leverage this training to provide patients with more accessible and convenient immunizations beyond flu, and patients who go to a pharmacist for their flu shot because it's convenient could also receive other vaccinations from a pharmacist.

As you're aware, many patients actually go to the doctor to get a prescription, purchase a vaccine at a pharmacy only to have to return to their family physician to have it administered. Expanding pharmacists' authority to include vaccines that address public health threats, such as pertussis, HPV and measles, will help ensure that overall immunization rates are increased. There are also a number of unfunded vaccines, such as for travel and shingles, which we could deliver at the convenience of the patient, and at no cost to the government. All we need to make this a reality is a simple regulatory revision to the list of vaccines that a pharmacist can administer.

Secondly, we would like to see Ontario enable pharmacists to treat patients for common, self-limiting ailments—what is often referred to as a minor-ailments program. How many people have found themselves spending the night, or their Sunday, in a walk-in clinic or in an emergency room, waiting to be seen for a minor condition because their doctor's office is closed and they have no alternative?

In other provinces, including Alberta, Saskatchewan, PEI and New Brunswick, patients can go to a pharmacy, where a pharmacist can assess and treat minor ailments like poison ivy, athlete's foot and pink eye. Pharmacists have the knowledge and expertise to make the right assessment and dispense the proper treatment. They use the same algorithms as physicians do.

According to Health Quality Ontario, more than half of Ontarians surveyed are not able to see their primary care provider on the same day or the next day when they are sick, and over half have difficulty accessing primary care on an evening or weekend. A pharmacy-based common ailments program would alleviate pressure on the system. It would divert non-critical patients away from doctors' offices and hospitals. It would create capacity and make the health care system more efficient. Fewer people would spend the night in emergency or have to take the day off work to go to a doctor's appointment.

We recommend building on the success of approaches in other provinces. All we need is the regulatory authority to prescribe the proper treatment and to have a discussion around modest funding.

The third priority that we could address in the short to medium term is to expand our successful smoking cessation program to all Ontarians who smoke and want to quit. Today, the Ontario public drug plan funds pharmacist-delivered smoking cessation services for Ontario Drug Benefit Program recipients. The program includes up to seven counselling sessions and drug therapy when appropriate. Our quit rates are on par with physician-delivered services. But while patients must make an appointment to see their physician, pharmacists don't always require an appointment for a consultation. The convenience we offer is a significant advantage in this program.

What bothers pharmacists and patients alike is that there is no similar program for people who are not on the drug program, and only 24% of the 1.66 million Ontarians who smoke can access the full extent of a pharmacist's care, as they are not covered under the current program.

We don't need to debate the fact that helping all smokers who want to quit is good public policy and would lead to significant savings elsewhere in the system, including reduced cancer treatment and other hospital costs. We would like to see access to this program expanded so that all Ontarians who smoke and want to quit can access pharmacists' services. We recommend expanding the pharmacy-based program and compensation as exists today to all Ontarians who want to quit smoking.

Our approach—these three initial priorities—is reasonable, is supported by evidence, and has been fully costed by Accenture, our economics consultants, who are global leaders in health economics, advising government and industry.

Ontario could realize $72 million in savings over five years by acting on these priorities. Accenture estimated the net savings to the health system over five years of expanding pharmacists' ability to deliver vaccine and immunizations at $500,000, of a common-ailment treatment program allowing pharmacists to address nine common ailments at $12.3 million, and of expanding access to pharmacist-delivered smoking cessation programs to all Ontarians who smoke at $60 million or more.

As you put forward this committee's recommendations to the Minister of Finance, we encourage you to include modest funding allocations to enable pharmacists to offer more services to Ontario patients by way of expanded scope of practice.

I'll now turn the microphone over to Dennis, who will conclude our presentation.

Mr. Dennis Darby: Thank you, Deb.

Members of the committee, as Deb just shared with you, the Ontario Pharmacists Association retained Accenture to advise us on the costs of our proposals and the offsets and savings that could be expected within our

health care system. In the packages before you, we include a document summarizing the highlights of Accenture's findings, along with an overview of program availability—that includes in other provinces—and some fact sheets.

These programs have been seen to be safe and proven to be safe and effective elsewhere in Canada. They have been embraced by Canadian patients and by patients elsewhere in the world.

The legislation is in place; we're not asking for a change there. Our members are ready and able to provide these services. The current government signalled its commitment to expanded scope in the 2014 election platform and in the two mandate letters that Deb referred to.

I'd just like to repeat what Deb said earlier: We are very appreciative of this intent, and now we would like to move forward. To move forward, we need the regulatory approval and some modest funding.

We thank you for the opportunity to speak and we welcome any questions you have. Thank you.

The Chair (Ms. Soo Wong): Thank you very much. Ms. Fife, do you want to begin the questioning?

1140

Ms. Catherine Fife: Thank you very much for coming in today, Deb and Dennis. Your recommendations—these are not new recommendations; you've come before, and in some cases they've been listened to.

I did want to just take this opportunity to ask you about the Auditor General's report as it pertained to immunization, because you're looking to expand your scope of practice around that, but the Auditor General's report said that the $250-million annual immunization program is not as efficient as it could be, with 21,000 instances last year where the Ministry of Health paid physicians and pharmacists for administering the flu shot to the same person. A new vaccination registry, Panorama, is costing $160 million, which means it's $85 million over budget. Still, the government does not know what happened to 20% of the flu vaccine doses it purchased last year.

This was a huge concern for us because it causes people to question the credibility of the immunization program, which isn't in anyone's best interest. Could you comment on the Auditor General's findings around immunization?

Mr. Dennis Darby: Sure. Yes, we did look at the Auditor General's report. A couple of things: The flu vaccine distribution program in Ontario right now is a bit of a mix. As you said, there are doctors that do it through their practices; pharmacists do it through pharmacies; public health units; schools; churches, and what have you. The problem right now is that, today, there is no central database, and we're hopeful that there is.

In the case that you've mentioned, where there was a duplicate, right now the good news I can tell you on behalf of pharmacies is that pharmacy-administered vaccines are caught live and caught as it happens. In fact, the government could say right now how many pharmacists have delivered the flu shot because it's done on an electronic system. The other groups aren't, yet. We're hopeful that, once they get on an electronic system like pharmacy is, they're going to have better tracking so that way there isn't a repeat of a mistakenly administered vaccine.

In terms of our suggestion on other vaccines beyond the flu, many of those, as Deb mentioned, are not part of the publicly funded or publicly stockpiled vaccines, but for those that are, we want to use the same system we have now for the flu shot, which allows real-time tracking. We're hopeful that at least we can do our part to prevent mistakes.

Ms. Catherine Fife: Okay. So you don't know where those 21,000 flu immunizations went as well. Right now the system is not equipped to track exactly where it is.

Mr. Dennis Darby: No, we may have GPS but we don't have it on every single dose because sometimes there are multiple doses in a vial that either a doctor or a pharmacist may use. There might be 10 doses in a vial and some of those may not have been accounted for. We have encouraged the government to take a look at the system that they've implemented for us and use it for everybody.

Ms. Catherine Fife: Is that the Panorama program that—

Mr. Dennis Darby: I don't know in great detail what that's a part of. The whole idea is to get a better handle on all our vaccines.

Ms. Catherine Fife: Okay. And obviously we share the concern. That needs to happen.

Mr. Dennis Darby: Yes.

Ms. Catherine Fife: The issue of Ontarians going to their pharmacy, acquiring an immunization, and then trying to wait for a doctor—there are 900,000 Ontarians who don't have a family doctor. There's no doubt that pharmacists are filling a gap around immunization, but they need access to that prescription and that referral, which you obviously point out.

Smoking cessation: huge issue. This is something that's actually going to be an ongoing issue, I think, in the province of Ontario. Do you want to talk about it a little bit more around the value for dollar, around prevention and intervention versus—because the economic case is there.

Mr. Dennis Darby: I can begin. Where the system is now is that people on the public drug program have access to a pharmacist's intervention for smoking cessation, and as Deb said, our success rates are on par with other practitioners. Clearly, we're only getting some of the smokers. We look at the economics—it's not lifetime economics. The economics are positive in terms of the treatment that happens in any five-year period. So that's the first part of it.

Ms. Catherine Fife: Okay. Deb?

Ms. Deb Saltmarche: I think that, to add onto that, it's very frustrating as a pharmacist to have, say, five patients come into your store and you can help one to quit smoking because that's funded, but you don't have

the resources to help the others. It's just not an equitable system at the moment.

Ms. Catherine Fife: Sure. So that's why your recommendation—

Ms. Deb Saltmarche: Yes.

Ms. Catherine Fife: Okay; that's very good. Please stay in touch with us, though, around the immunization because the Auditor General has made some recommendations and it's important that we get this right and that pharmacists are a key part of that process.

Ms. Deb Saltmarche: Thank you. And just to reiterate, we have the technology systems to feed into that system. We're just waiting for the system to evolve.

Ms. Catherine Fife: And I hope that it happens.

The Chair (Ms. Soo Wong): Thank you very much, Ms. Saltmarche and Mr. Darby, for being here and for your written submission.

I've got a couple of housekeeping items before we recess for lunch. The Clerk just informed me that the United Counties of Prescott and Russell submitted five white papers, totalling 228 pages. I wanted a consensus and to be collaborative with all three parties. Because we only have five copies, what is the will of the committee? Ms. Fife first.

Ms. Catherine Fife: I don't think that all of us need all of those copies. If it's available electronically, that's actually what I would prefer to get, because then I can search issues. So I don't want those 200 pages.

The Chair (Ms. Soo Wong): I'm going to ask the Clerk. Is this electronically available?

The Clerk of the Committee (Mr. Katch Koch): I will find out. If it's available electronically, I can simply forward it on to each committee member. If not, would one copy per caucus be sufficient?

The Chair (Ms. Soo Wong): Mr. Fedeli.

Mr. Victor Fedeli: While I trust that no one from northern Ontario is watching, I will say, let's have a lot less paper. I would prefer it electronically if it's available. If not, our caucus will take one copy.

Yes, we cut trees and make paper.

The Chair (Ms. Soo Wong): Am I hearing a consensus from all the members here that we will have one copy per caucus, and otherwise, the Clerk will send it to us electronically? Okay.

I am going to recess the committee until 1 p.m. this afternoon. I hope to see you guys shortly. Thank you.

The committee recessed from 1146 to 1300.

CANADA'S NATIONAL BREWERS

The Chair (Ms. Soo Wong): I'm going to resume the Standing Committee on Finance and Economic Affairs. The first presenter is Canada's National Brewers. Good afternoon, Emma Breen, vice-president; and Doug Mander. Welcome. As you know, you will have 10 minutes for your presentation followed by five minutes of questioning. This round of questions will be coming from the government side. You may begin any time. Please identify yourselves and the positions you hold at Canada's National Brewers for the purpose of Hansard. Thank you.

Ms. Emma Breen: Thank you very much, committee members, for your time this afternoon. We know you've had a long week of travel and of hearings, so we very much appreciate it.

My name is Emma Breen. I work with Canada's National Brewers. With me today is Doug Mander, who's also with Canada's National Brewers.

I'd like to start, if I may, by sharing a few basic facts about the Beer Store. We often find folks are unaware of these.

(1) Any brewer can sell their beer at the Beer Store. Unlike other retail models where a brewer has to be accepted or approved to sell their product in the store, the Beer Store takes everyone. Brewers can list as many products as they want, and they can sell through any store that they want.

(2) Each brewer sets their own price. The Beer Store sets no prices whatsoever. As you may know, the government has what's called a uniform price law. This requires that the sale of alcohol be the same at every location in every part of the province. This is intended to ensure that people in northern and rural communities don't bear the brunt of higher distribution costs. One of the many benefits of our current system is that we're able to do this. Because of this, people often mistake that it's the Beer Store setting price, when in fact, it's each individual brewer. Brewers can set and change their selling price as they see fit. It creates a competitive environment in our stores, and it contributes to delivering the lowest average price of any other retail system in the country.

(3) The Beer Store employs 7,000 people in communities across Ontario. These are well-paid private sector jobs. Beer Store owners are responsible for all the pension costs and any and all liabilities. In addition, there are thousands of jobs across the province making up the brewing industry supply chain. This includes bottling, packaging and the agri-food sector, to name just a few.

(4) Beer Store owners are responsible for all of the capital costs associated with the 448 stores across the province. This includes a recent $30-million investment in building new and renovating existing stores. The Beer Store also operates a world-class recycling system that saves Ontario municipalities $40 million each year by diverting waste from the Blue Box system.

(5) Selection and choice: More than 105 brewers sell at the Beer Store, offering over 490 different brands of beer, with craft brewers making up 24% of those brands. In fact, small brewers are the fastest-growing segment at the Beer Store. Their sales are up 67% over the past five years. Just to note: The trend for larger brewers is that sales are down. Craft brewers are growing at the Beer Store in a declining market.

(6) The Beer Store generates over $1 billion annually in revenue for the provincial and federal governments; 44% of every dollar spent at the Beer Store goes directly to government. Despite a high tax rate, Ontario beer drinkers pay among the lowest prices in Canada. Govern-

ment and consumers benefit from the Beer Store's efficiencies.

As you may know, the Beer Store was formed in 1927. Since that time, ownership configuration has changed many times with global consolidation in the beer industry, which resulted in the current ownership structure by Molson, Labatt and Sleeman. It's true the head offices of these brewers are no longer based in Ontario. But the jobs are here: 90% of the beer they sell is brewed here at breweries in Creemore, Guelph, Toronto and London, representing over 2,600 jobs in the province of Ontario.

However, we recognized that foreign ownership had become a lightning rod. We also recognized that the marketplace has changed and continues to change—in particular, the growth of small brewer representation in our stores. To this end, we made a decision to open up the ownership model to bring in more players that truly represent all Ontario brewers.

Ontario brewers have been asked to become ownership partners, to have a seat at the decision-making table where they currently have none. While these brewers sell about 10% of the system's beer volume, they would have 20% of the board director positions. In addition, new owner-brewers will also have a voice on an executive committee where they also currently have none. New owners will have access to all the financial and reporting information, details on day-to-day operations, more inclusion and greater transparency. Under the new system, small Ontario brewers will pay less for their listings than large Ontario brewers, including Labatt, Molson and Sleeman.

We also recognized that while there has been tremendous growth in the craft brewer sector, many of these brewers are small. They're new. They need additional support to access the Ontario retail channel. To lend this support, we've offered small breweries the opportunity to list two products at five Beer Store locations in their community for free. They can list those same products at any other store exempt from listing fees. As well, we've offered the ability to replace a product with a seasonal brew twice a year at no charge.

We believe this will result in a Beer Store system that better reflects the Ontario perspective, that offers an even better selection of local craft brewery products and changes to better meet the needs of all brewers and of Ontario consumers while still preserving the positive aspects of our retail alcohol system because the current system does deliver value to the government and to consumers. It's a highly efficient retail and distribution system. In fact, in Ontario, the Beer Store has the lowest retail and distribution costs of any other system in Canada. It keeps prices low, it's open to all brewers, it employs thousands of Ontarians, and it sends significant revenues to government each year.

We understand that the government is considering changes to the retail alcohol system in Ontario, of which we at the Beer Store are part. In that regard, we have worked and will continue to work collaboratively with the asset council as it completes its work and brings forward recommendations to government.

What we respectfully ask of committee members as you deliberate and of the government as it finalizes its budget is to please account for the findings of the asset council and to please consider the facts about how the Beer Store operates. We recognize that there has been much discussion and debate about the Beer Store generally in recent months. We've paid attention to it. We believe that the changes we've announced will create a more inclusive and representative ownership structure, a more transparent and accessible Beer Store that continues to offer a highly efficient, low-cost retail system that benefits all brewers, a system that enables government to set a high tax rate and derive significant revenue—

The Chair (Ms. Soo Wong): Ms. Breen, could you wrap up your presentation so the government side can ask you some questions?

Ms. Emma Breen: —and a system that delivers competitive prices for Ontario consumers. Thank you.

1310

The Chair (Ms. Soo Wong): Ms. Hoggarth, do you want to begin the questioning?

Ms. Ann Hoggarth: Thank you very much, Emma and Doug, for your presentation. We had a little chat before I sat down. Of course, I'm from Barrie, and we were very fortunate to have Molson as one of our main employers for many years. We were very devastated when Molson left Barrie.

Nowadays we have Flying Monkeys in downtown Barrie, and they are expanding both facilities and markets around the world. That's very exciting for Barrie. They did give me a bottle of chocolate stout that I took home. As yet, I haven't found anyone who would even try it. However, I thought my grandchildren would think that was pretty good—my grandchildren are 23 and 20, so I wasn't giving it to underage children. Nobody seemed to want to try chocolate beer. I love chocolate, but not beer.

I just wanted to say that it's great—all of the financial points that you've made about the recycling, we appreciate that. That makes such a difference. It is true that small brewers' sales are going up. The trend is now—and of course, Creemore is not far from Barrie either.

Do you believe the current beer retail system is best for Ontarians?

Ms. Emma Breen: I absolutely do. I think there's tremendous value in the system as it currently operates. It's incredibly efficient, which delivers the lowest retail and distribution costs. Because of that, that allows all brewers, large and small, to set competitive prices, making their businesses economic. It allows the government to have a high tax rate and derive significant revenue from the operations, and it still delivers the lowest average price of beer for Ontario consumers.

But that being said, I think it can be better. We really feel that the changes that we announced earlier this month will create the opportunity for meaningful change at the Beer Store. It's not all going to happen overnight

and it's not going to fix every issue right away. It's a process. The listing change announcement, for example, is effective immediately. We have had a very, very positive response from small brewers. We expect to see more selling through our system and more local products on our shelves in coming weeks.

The $30-million investment that we're making in our stores—the self-serve format: We're working our way across the province. We've got 448 of them. Customers tell us they appreciate the new shopping experience. Small brewers like it because they can better showcase their products. You can see their beers out. They want to see all the stores done. As I said, we're committed to that process. In fact, we opened a new store this morning in Shelburne. MPP Sylvia Jones was kind enough to take the time to come out, as all MPPs have been out in their communities as we make our way through.

Just to close: On the ownership side, that is also an ongoing process. We've had a significant response. We're engaged actively in discussions with a number of brewers. Non-disclosure agreements have been signed. Obviously, due diligence has to be undertaken and it takes a bit of time, but our next board meeting is in May and we're very hopeful that we'll have the opportunity to reconstitute our board at that time with a new ownership structure, with more players bringing an Ontario perspective to decision-making about the operations of the Beer Store going forward.

Ms. Ann Hoggarth: I'm very glad to hear that.

Not that I believe all polls, but I saw a poll yesterday, I think, and people were asked, "Do you think the Beer Store should be a monopoly?" I know that historically you've done a lot of interaction with governments, and we appreciate that. You have to have the players in on the discussion. I know that we are now waiting for Ed Clark's recommendations, and we all await what's going to happen. I'd like to thank you so much for being here and enlightening us about the Beer Stores. Thank you.

Ms. Emma Breen: Thank you very much.

The Chair (Ms. Soo Wong): Thank you very much for being here. I understand you have submitted your written submissions.

Ms. Emma Breen: The submissions have been made, yes.

The Chair (Ms. Soo Wong): So just for the committee members, it was sent in one of our packages. Thank you very much.

ONTARIO HOSPITAL ASSOCIATION

The Chair (Ms. Soo Wong): Our next group of presenters are from the Ontario Hospital Association, Pierre Noel, chair, and Anthony Dale, chief executive officer. Gentlemen, welcome.

As you heard earlier, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be coming from the official opposition party. You may begin any time. When you begin, please identify yourself, as well as your position with the OHA for the purposes of Hansard. Thank you.

Mr. Pierre Noel: Good afternoon. My name is Pierre Noel, and I'm the chair of the board of directors of the Ontario Hospital Association and the president and CEO of the Pembroke Regional Hospital. I'm joined today by Anthony Dale, the president and CEO of our association.

I'd like to thank you for this opportunity to present on behalf of the OHA. As you know, the association represents Ontario's 149 public hospitals in the province. The mission of the OHA is to create a high-performing health care system to better serve patients, and it's a pleasure to present to this committee today.

At the OHA, we believe that the health system transformation under way in Ontario is a significant step forward towards improved patient care. At the same time, after three years without any funding increases for inflation, hospitals are now facing some very challenging budget decisions to contain costs and meet the ever-increasing service needs of patients.

Over the past three years, hospitals have shown tremendous leadership in making their operations more efficient. Hospitals have absorbed significant additional costs, particularly those that are compensation-related, while growing patient volumes each and every year. With the help of their partners, wait times have gone down and Ontarians are getting the care they need faster. Ontario hospitals are the most efficient in Canada. They routinely operate at 90% capacity or higher, and Ontario's system already has the fewest beds per 1,000 amongst all of Canada's provinces.

We are proud of this accomplishment, but as hospitals continue with their planning for 2015-16 and beyond, more and more organizations face increasingly significant challenges. Difficult decisions lie ahead for a large number of Ontario's hospitals. For that reason, the OHA recommends that government provide hospitals with the tools to ensure that every dollar spent on health care is utilized most effectively.

Mr. Anthony Dale: Thanks, Pierre. For a number of years, the OHA has been calling for a comprehensive, evidence-based capacity plan for health services. This plan would use demographics and research to forecast and benchmark the number and different types of beds or services needed to meet the needs of different populations across the province. Simply put, Ontario requires serious health services capacity planning in order to continue delivering high-quality care to the people of this province. We need a plan, a road map, if you will, to guide significant, targeted investments in health services throughout the system.

Some 13% of Ontario's hospital beds continue to be filled by alternate-level-of-care patients. These patients have received the care they need in hospital, but they can't be discharged in a timely manner because there is no other level of appropriate care available to them.

We must do better for the people of Ontario. In the future, we need to know the right number of beds to have in hospitals and long-term-care homes. We need to know

the number of assisted living spaces required, home care hours needed, primary care and mental health services available. A comprehensive capacity plan would not only help decide where care should be provided, but also how it should be funded.

With health system transformation taking place in Ontario, health system funding reform, or HSFR, can be another tool used to drive change. Strengthening HSFR is a core priority for the OHA. Since its inception three years ago, funding reform has spurred changes across hospitals. Significant increases in volumes and improvements in quality have been achieved. Hospitals have demonstrated their capacity for innovation and have emerged as leaders within the system. However, after three years of experience, now is the natural time to review progress and identify ways to strengthen and improve this important mandate.

1320

From the perspective of the OHA, there are several key implementation issues with HSFR that should be addressed.

Hospitals need their funding information well in advance of the fiscal year and in alignment with their business cycles. This will provide greater certainty and enable better planning. HSFR-related funding and funding provided outside of it should also be better coordinated.

It's time to examine the technical underpinnings of the new formula, and to examine it closely, to see if it is having unintended consequences. We also need to ask ourselves if there are policy gaps, particularly regarding access, that should be addressed.

Broadly speaking, government should continue to pursue the development of new funding models to drive system integration and improve patient experience, particularly as certain types of care shift from the hospital into the community. The government has increased funding to the home and community care sector by about 5% annually over the past several years, and that amount has helped the sector deal with the inflationary pressure it is under. The OHA strongly supports the government's investment in this sector, and we recommend further evidence-based investments in home and community care.

As hospitals continue to come under enormous pressure—and I assure you that the pressure is extremely significant—it's essential that the province have a plan to aggressively invest in home and community services, long-term care, assisted living and other vital areas, so that patients can be discharged quickly and safely from hospitals and receive the most appropriate level of care.

As transformation accelerates and Ontario's health system evolves, there are still some barriers to integration and affordability that could be addressed. To enable the modernization of health services delivery, the OHA recommends that the Public Sector Labour Relations Transition Act, or PSLRTA, be reformed. We must find a balance that respects the importance of ensuring a good, fair wage for health care professionals while also allowing for the affordable, timely integration of health services among hospitals, and between hospitals and other providers.

Another significant matter is labour and employment arbitration. The OHA has a history of conducting fair and responsible bargaining that is affordable for employers and respectful of its employees. Ontario hospitals value our employees and believe that it's imperative that they be compensated fairly. We've embraced the collective bargaining process as the right way to meet the objectives of both parties, and we've been successful with the majority of our partners.

However, when a voluntary agreement cannot be achieved, the truth of the matter is that arbitration boards have granted awards that do not take the current fiscal constraints into account, forcing hospitals to be stretched beyond their financial means. Further, and very importantly, these awards have strayed significantly from other freely negotiated contracts with the very same types of employees.

Arbitrators must take into direct account the hospital's ability to pay and ensure that awards reflect the current fiscal environment in Ontario. Otherwise, into the future, hospitals may be required to divert funds from front-line care.

Now I'll just ask Pierre to speak about our final recommendation.

Mr. Pierre Noel: Thanks, Anthony.

In this environment of fiscal constraint, hospitals are also being faced with having to continuously delay upgrades to our IT systems in order to maintain high-quality patient care. Hospitals are committed to helping the government create a high-performing health care system. Ontario hospitals are looking to share experiences, resources and infrastructure. However, many of the priority areas for health system improvement are dependent on a robust IT system, and existing systems are no longer meeting the demands.

Point-of-service IT systems that are interoperable and support communication from a hospital to a doctor's office and beyond will have measurable outcomes that will enhance patient care, such as prevention of adverse drug events and enhanced privacy protection.

Hospitals have not received dedicated funding for IT enhancements and, in a zero-growth funding environment, they have inadequate resources to modernize. Hospitals need to work with their partners—the government of Ontario, Canada Health Infoway, LHINs and the private sector—to identify strategies to procuring IT infrastructure. Otherwise, it will remain exceedingly difficult for hospitals to share information across the care continuum.

To conclude, we believe that the recommendations we have outlined today are essential to improving patient care in today's extremely challenging fiscal environment.

Thank you for your time today. We look forward to answering any questions about our recommendations that you may have.

The Chair (Ms. Soo Wong): Thank you, Mr. Noel. I believe this round of questioning is from the opposition. Mr. Arnott?

Mr. Ted Arnott: Thank you, Madam Chair, and thank you, Pierre and Anthony, for your presentation. It's good to see both of you again and see you in these new responsibilities. I want to compliment you on the work that you're doing.

In your brief, it says, "Ontario Hospitals: A Track Record of Leadership and Innovation," and you could add the word "success" to that. You have done an extraordinary job, and we appreciate everything that our hospitals do in the province of Ontario.

You referenced the issue of alternate-level-of-care patients. You said that a couple of years ago, 18% of the beds were filled with ALC patients and now it's down to 13%. What do we need to do specifically to reduce that number to a more acceptable level?

Mr. Anthony Dale: ALC is an illustration of what happens when the system isn't connected and working well together. It's really proving that we don't have the capacity that we need elsewhere.

When the ALC number was as high as 18% or even 20%—it varies across different communities in the province—the characteristics of those patients were often that they were frail elderly, they had complex chronic conditions. What we know today, three or four years later, now that the numbers have been reduced, is that they are actually starting to present with additional even more important complexities, particularly around cognitive behavioural and mental health patient concerns. That means that our long-term-care facilities, our community sector partners, don't yet have the skills and capacities to care for patients with that kind of frail need.

Perhaps, Pierre, you could comment based on your own community.

Mr. Pierre Noel: Discharging patients from hospital is often not an easy or a simple exercise. One has to take very keen account of the dynamics of the situation and make sure that patient is safe upon transfer.

We've seen some inroads. Part of that gain in the decrease in percentage of ALC was as a result of a home-first policy in the community care access centre. Those types of investments can really make a difference.

The capacity planning in general is really what's required in our province. We haven't had that type of road map exercise in recent memory, where we scope out the number of hospital beds, the number of long-term-care beds, CCAC capacity and capacity in the broader community and make sure we've got the right pieces of the puzzle in order to smoothly care for patients.

When that continuum is not well thought out, or appropriately configured and funded, we see problems like ALC develop in the system. So capacity planning and really understanding what resources we need to have in place is critical to our system going forward.

Mr. Ted Arnott: Reform of the Public Sector Labour Relations Transition Act, or you call it—

Mr. Anthony Dale: PSLRTA.

Mr. Ted Arnott: PSLRTA. What exactly are you asking the government to do, in terms of amendments to that act?

Mr. Anthony Dale: I think that there are a variety of options available, but what I would say is that when PSLRTA was first created in the mid-1990s, it was intended to facilitate the merger and consolidation of larger corporations—hospitals, municipalities and so on. Over the last 20 years, through the Labour Relations Board and other decisions and findings, the scope of PSLRTA has expanded to include smaller-scale service transfers.

What we're saying is that in a situation where we're trying to build up capacity elsewhere in the system and reduce our reliance on hospitals—if you're moving services from a hospital to, say, a community clinic, you're moving your employees into a long-term-care facility or you're establishing a new partnership with a community provider—we're not so sure that that legislation should apply in those specific instances, because what you end up doing, in effect, is transferring the hospital sector's collective agreement along with it. We're very proud of how well hospital workers are paid, but of course they are the highest-paid workers in Ontario's health care system. So that, we think, is something that should be very carefully evaluated and probably more sharply defined.

Mr. Ted Arnott: So in keeping with government's current agenda of greater integration, we need to look at amendments to facilitate that and make it easier.

1330

Yesterday at the Georgetown Hospital, the Halton Hills Health Link was announced. I couldn't be there because I was here on the standing committee, but it sounded very impressive, the number of health partners that they have brought together. So I think that's obviously a positive development for our community. The announcement was made at the hospital, so that was good news.

Mr. Anthony Dale: All across the province are all sorts of local innovations coming together through health links or other pre-existing partnerships, and in the very near future the ministry is poised to announce a series of pilots that will invite submissions from hospitals and their partners to re-examine the way they are delivering care for patients who have had a short stay in hospital and to deal with their home and community service needs as they're discharged. That's a great example of innovation in integration, but we won't be able to achieve the benefits we properly should without the kind of changes that we've recommended.

The Chair (Ms. Soo Wong): Gentlemen, thank you very much for your presentation and your written submission.

CANADIAN FUELS ASSOCIATION

The Chair (Ms. Soo Wong): The next group coming before us is the Canadian Fuels Association. I believe it's Faith Goodman and Eric Bristow.

Mr. Eric Bristow: Faith is not with us today.

The Chair (Ms. Soo Wong): All right, Mr. Bristow. As you heard earlier, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be coming from the third party. You may begin any time. Please identify yourself as well as your position with the Canadian Fuels Association for the purposes of Hansard. Thank you.

Mr. Eric Bristow: Certainly. I do have a handout. The presentation I'm making should be coming around.

Madam Chair, standing committee members, my name is Eric Bristow. I'm the director of government and stakeholder relations in Ontario for the Canadian Fuels Association. I'm very pleased to be here today to talk about the refining industry, its economic contribution to Ontario and our budget priorities.

The Canadian Fuels Association represents the industry that supplies 95% of Canada's transportation fuels. Simply put, we fuel the Ontario economy. Petroleum fuels account for 42% of the energy that Ontarians consume every day, and our members produce and distribute nearly all of the fuels that power transportation of people and goods.

Fuel refining is a core component of Ontario's manufacturing and processing industry. In addition to the various fuel products that most people are familiar with, we also produce feedstocks for other industries for further value-added manufacturing, such as in the petrochemical industry. We own and operate an extensive infrastructure of transportation assets, distribution terminals and retail sites to provide Ontarians with the right fuel at the right place at the right time.

The other thing that is significant: Our refineries are an economic pillar in southwestern Ontario. Ontario is home to a third of Canada's refineries, employing 5,700 highly skilled workers who earn wages, on average, about 50% higher than the Canadian manufacturing average. Ontario refineries contribute $1.4 billion in direct GDP and another $4 billion in indirect GDP.

Our fuels and refineries are cleaner than ever before, and we are continuously improving. We have reduced sulphur content by 85% in gasoline and by 98% in diesel since 2000. This has resulted in vehicle emissions reductions of key smog precursors by 75% to 95%, and we are on track to further reduce sulphur in gasoline by 97% beginning in 2017.

In addition to the improvement in fuel quality, since 2002 we've reduced refinery air emissions, ranging from 45% to 67%, including sulphur dioxide, nitrogen oxide and benzene. From our perspective, cleaner fuels and cleaner refineries means cleaner air for Ontarians. In Sarnia, the Ministry of the Environment and Climate Change reports that total emissions of key contaminants such as nitrogen oxides and sulphur dioxides are down 50% in the past 10 years.

We are also a leader in addressing climate change. Since 1990, greenhouse gas emissions from Ontario refineries are down 30%. The overall Ontario manufacturing industry more broadly is down 26%. It's worth noting that these GHG reductions have occurred in the absence of regulations.

We strongly encourage conservation and the efficient use of our products.

At the same time, our industry is facing intense competitive pressures. Ontario refiners compete in a fuels market that is global. North American and European refineries are experiencing long-term declining demand, in some cases resulting in refinery closures. From our perspective, policies that are developed need to be outcome oriented—what is the outcome that's needed?—and provide the flexibility for how to best achieve that outcome. This is in line with requirements in key competing jurisdictions.

We urge government to approach policy development in a staged, paced and cohesive manner which includes meaningful consultations with all industry. Canadian Fuels supports the Energy East pipeline because it provides eastern Canadian refiners with an opportunity for an additional source of crude oil. The Ontario fuels market is served from refineries in Ontario, Quebec and beyond.

Crude oil cost, needless to say, is a critical component of refining economics. Greater choice in crude supply will assist eastern Canadian refineries in remaining competitive in this trade-exposed manufacturing industry.

The Ontario government can also support our industry by working in cooperation with other governments to avoid a regulatory patchwork approach and reduce the cumulative impacts of regulation. Like other manufacturers in the province, as we speak, we are currently working on about a dozen provincial and federal environmental policies that are either being implemented or developed, all at the same time.

Canadian Fuels then asks that governments understand and consider the cumulative impacts of federal and Ontario regulatory initiatives so that it doesn't erode Ontario's refining viability. In some cases, the Ontario and federal governments have regulated or are regulating or are working towards regulating the same item in different ways. This adds to the regulatory cost burden.

We support the Ontario-Quebec joint initiatives on energy, environment and climate change, and the economy. We applaud the governments' plan to study the competitiveness of the petroleum refining industry.

Canadian Fuels also supports the Ontario-Quebec initiative to exchange electricity capacity and make power more affordable and reliable in each province. However, we strongly encourage Ontario to seek ways to reduce the all-in industrial electricity cost to a level that is competitive with key competing North American jurisdictions.

In conclusion, we are a pillar manufacturer in the province, providing over 40% of Ontario's energy needs and nearly all of the province's transportation fuels. We have significantly improved our environmental performance for our facilities and the fuels we produce, and we will continue to do so.

We are facing global competitiveness challenges not unlike other manufacturing sectors. So we need govern-

ments to think about policies in a staged, paced and cohesive manner to keep supporting Ontario's jobs, economy and manufacturing sector. We also urge meaningful consultation with industry on key issues before the government announces or encodes new policies or changes to policies or tax measures in this upcoming budget.

I thank you for your attention and would be pleased to take questions.

The Chair (Ms. Soo Wong): Thank you very much. Ms. Fife.

Ms. Catherine Fife: Thank you very much, Eric. You've made a compelling economic case. I wanted to give you an opportunity to address some of your concluding comments. You say that you want governments to think about policies in a staged, paced and cohesive manner. Do you want to give us an example of when that hasn't happened and perhaps unintended consequences of not moving ahead with a more strategic rollout of a policy or legislation?

Mr. Eric Bristow: Well, as we speak, the government of Ontario is obviously working on a greenhouse gas policy and proposals. Other provinces have worked on it. At the same time, our sector has been working with the federal government on this. We would like the federal and provincial governments to be working together in terms of a more cohesive approach, because there are different approaches taken across Canada.

Another example: The federal government regulates and legislates toxic substances through the Chemicals Management Plan. It's actually an internationally recognized approach. Be that as it may, Ontario moved forward with its own Toxics Reduction Act. That, to us, was a missed opportunity for the province and the federal government to align and have a cohesive, integrated approach, as opposed to two levels of government regulating on the same thing. Those are a couple of examples.

1340

Ms. Catherine Fife: Sure. You also mentioned that your industry would like meaningful consultation, right? It makes sense to do the consultation first before policies and legislation roll out, and then you try to undo some of the fallout, if you will. So you're looking for meaningful consultation with industry on key issues.

Would you like to talk about some of those key issues? The federal-provincial alignment is one, but there is a lot coming down the pipeline in this budget.

Mr. Eric Bristow: Yes. Certainly the proposals around climate change are definitely one that the government is working on right now, and we've certainly been speaking with the provincial government about that and providing input.

Our members operate across Canada, and some of our members operate globally. We have extensive experience in working with various approaches to pricing and managing carbon across the world, globally. We can bring that kind of experience to the table to help shape an appropriate policy that makes sense for Ontario and helps achieve the outcomes, but also recognizes the potential concerns and risks. Obviously, Ontario industry, our sector, is concerned about the competitiveness impacts. Ontario is moving forward with a policy, and other key competing jurisdictions, which tend to maybe be price-setting jurisdictions, aren't engaged. What does that do to Ontario refining industry competitiveness? We want to make sure that's clearly understood and is considered as part of this.

Ms. Catherine Fife: So we actually don't know what's officially going to be coming down the pipeline. The only thing that we've seen was via Twitter.

Mr. Eric Bristow: Yes. We don't either. We've been giving some input, and obviously we look to be fully engaged in it, because we believe that we have some expertise and knowledge that we can bring to the table to help.

Ms. Catherine Fife: Okay. I guess my question is, has the Minister of the Environment and Climate Change reached out to you thus far?

Mr. Eric Bristow: We have met with the minister, and we have provided the minister with some of our thoughts and input, because we are aware that the government is working on a policy paper to put out, so we wanted to provide some input in advance of that for them to consider. So we have met with the minister on that.

Ms. Catherine Fife: Would this be a good opportunity for you to weigh in on cap-and-trade versus carbon pricing or carbon taxing?

Mr. Eric Bristow: We can work with either model. We have experience in other jurisdictions with either model. I think the important thing, whether it's cap-and-trade or a carbon tax, is that the government has thought through the impacts and implications of the model that's being put forward. For example, if it's cap-and-trade, what does it mean for the competitiveness of industry? How does it impact industry competitiveness? If it's a carbon tax, what does that do for the consumers? How do these different mechanisms help achieve the outcome, and what is the expected outcome to be achieved? What does it do for consumers? If a consumer is paying an additional tax on fuel products, they don't have that money in their pocket for something else. What are the impacts of that?

Those are the kinds of things—

The Chair (Ms. Soo Wong): Mr. Bristow, I'm sorry. Your presentation is up. Thank you for your written submission.

ONTARIO CONFEDERATION OF UNIVERSITY FACULTY ASSOCIATIONS

The Chair (Ms. Soo Wong): The next presenter is the Ontario Federation of University Faculty Associations. I believe Ms. Kate Lawson, the president, and Mark Rosenfeld, the executive director, are here today.

Welcome. As you've probably heard, you have 10 minutes for your presentation, followed by five minutes of questioning from the committee members. This round of questioning will be coming from the government side.

You may begin any time. Please begin by identifying yourselves and your positions with the Ontario Confederation of University Faculty Associations for the purposes of Hansard. Thank you.

Ms. Kate Lawson: Good afternoon. Thank you very much. My name is Kate Lawson. I'm the president of the Ontario Confederation of University Faculty Associations and an associate professor at the University of Waterloo. With me here is Mark Rosenfeld, who is the executive director of OCUFA. Thank you very much for the opportunity to speak with you today. OCUFA is the provincial voice for 17,000 faculty and academic librarians at 28 member associations across Ontario.

In Ontario, we have a lot to be proud of when it comes to our universities. Our universities are world-class centres of research and teaching. Through innovative research, universities improve lives and build whole new sectors of our economy. Universities also enrich our cultural lives, while helping us to understand what it means to live in a democratic society.

But I want to suggest that we cannot take the success of our universities for granted. Strong public universities require consistent, long-term funding from government. A commitment must be made to provide stable funding that protects high-quality learning and keeps tuition fees affordable while preserving the independent and free-thinking nature of our institutions. We must also commit to ensuring that academic jobs are good jobs, and that those who work in universities can be confident in a secure retirement.

Our submission to you today lays out a road map for what we believe is a strong and thriving higher education sector. We recommend four major areas: (1) sustainable increases in public funding for universities; (2) hiring adequate numbers of full-time professors to promote high-quality student learning; (3) improving working conditions for the thousands of bright academics who are stuck in low-paid and precarious employment; and (4) ensuring good retirement for all workers in the university sector.

Let me run briefly through these four areas: number one, funding. At the moment, universities face an uncertain future, and they continue to be seriously underfunded by government. The government of Ontario has invested in universities before. In 2005, the Reaching Higher plan did lead to historic increases in funding, but its bold vision has not been sustained over the past decade. We must begin to invest again so we don't lose what we have achieved.

Ontario universities currently receive the lowest level of per-student funding in all of Canada. Ontario has been at the back of the national pack for over a decade, and we are falling further behind. In 2012-13, Ontario's per-student operating grants were 34% behind the average in the rest of Canada—just over $8,000 per student, compared to $12,500 per student in the rest of the country.

Even if you combine operating grants from government with net tuition fees, despite having, in fact, the highest tuition fees in Canada, Ontario still has the lowest level of per-student funding in the country at just over $16,000 per student compared to $17,500 per student on average in the rest of Canada.

This means that our universities are trying to provide the high-quality learning experience our students deserve with fewer per-student dollars than universities in other provinces. Bringing per-student funding to Ontario universities in line with the average of the rest of the country would require cumulative investment of $3.56 billion from 2015 to 2020.

Now, OCUFA recognizes that the province continues to face a period of financial constraint and that investment of this magnitude is unlikely in the short term. But we must not let short-term fiscal challenges justify continuing underinvestment in our future. Any reinvestment now that increases per-student funding is important and will help to ensure that Ontario universities don't fall further behind.

At an absolute minimum, we would argue, government must maintain investment at the current level. With anticipated enrolment and adjusting for inflation, this would require an additional $165 million in 2015-16. That's over and above the $3.49 billion allocated in 2014-15. Until more substantial investments can be made, maintaining the current level of investment in higher education would allow our institutions to hold their ground.

Number two, good jobs in the university sector: In addition to adequate public funding, good jobs are also at the centre of a thriving university sector. High-quality education relies on faculty who have the time and resources to mentor and support their students, but, unfortunately, our university sector is moving in the opposite direction. Over the past decade, the hiring of full-time faculty has failed to keep pace with enrolment increases. Between 2000 and 2012, full-time student enrolment increased by 68%, while, at the same time, full-time faculty employment increased by 31%—so 68% more students; 31% more full-time faculty.

As a result of this imbalance, Ontario has the highest student-faculty ratio in Canada. In 2010, there were 28 students for every full-time faculty member compared to 23 to 1 in the rest of Canada. Last year, in fact, it increased to 29 to 1 in Ontario. This means that students in Ontario are learning in larger classes, with fewer course options, and having fewer opportunities to have meaningful interaction with their professors.

1350

The problem is getting worse. Indeed, many departments are not replacing professors upon retirement, and instead, they are hiring more and more part-time and contract faculty. Between 2000 and 2012, the number of courses taught by contract faculty increased by 90%. The proportion of faculty working on temporary contracts has also increased. In 1999, only 10% of full-time professors were temporary. In 2010, that number was now 17%.

These growing numbers of contract faculty face common challenges, including job insecurity, low pay and lack of access to benefits and pensions. Because of these

working conditions and a lack of institutional resources, they are often also unable to achieve their full potential as both teachers and researchers.

If the rise in precarious work in Ontario universities is not addressed, the quality of education will suffer—and the number of bright academics who are graduating into, in effect, casualized labour.

While it's true that decisions about hiring are made by individual institutions, there is much the provincial government can do to take a leadership role by improving working conditions and protecting the quality of learning in Ontario universities.

First, there are opportunities to improve minimum standards while legislating equal pay and access to benefits for part-time workers under the Employment Standards Act. In addition to benefiting contract faculty, they would of course benefit the growing number of precarious workers across the whole economy.

Second, government must take into account the disproportionate impact that underfunding has on precarious workers, and explore ways that their policies can better support jobs in the university sector.

Thirdly, it is crucial that the government fund universities at a level that is sufficient to support the hiring of more full-time faculty.

OCUFA estimates that to bring Ontario's student-faculty ratio in line with the average in the rest of Canada, 8,500 full-time professors would need to be hired between now and 2020, or about 1,400 professors per year. Hiring at this level would cost an additional $157 million per year. Supporting this level of investment would facilitate greater student-faculty interaction and enhance learning for all students.

Thirdly, pensions: OCUFA's third priority is to improve pensions and retirement security for workers in the university sector. Research conducted in 2013-14 by OCUFA, with financial support from the Ministry of Training, Colleges and Universities, assessed the sustainability of current pension plans. It established that there is no sector-wide sustainability problem, although there are a few pockets of concern. To address these concerns, one option that OCUFA is actively exploring with other university sector stakeholders is establishing a multi-employer, jointly sponsored pension plan, or JSPP, for our sector.

The Ministry of Finance is currently developing a regulatory regime that will govern the transition of single-employer pension plans to new and existing jointly sponsored pension plans. Earlier this month, draft regulations were released for consultation, and OCUFA will continue to work with the Ministry of Finance to address the varied and complex issues that must be considered when establishing this regulatory framework.

OCUFA also actively supports the establishment of the Ontario Retirement Pension Plan, which will contribute to securing adequate retirement income for all Ontarians, including university faculty. Indeed, contract and part-time faculty, in particular, stand to gain from the Ontario Retirement Pension Plan, because such faculty often do not have access to workplace pensions, or when they do, the benefit is inadequate to provide a secure retirement.

While the ORPP aims to mirror the Canada Pension Plan, it does risk falling short on one key design feature—that is, government has indicated that those already participating in a pension plan would not be enrolled in the ORPP. By leaving out Ontarians who have access to a target benefit or a defined benefit workplace pension plan, the ORPP—

The Chair (Ms. Soo Wong): Ms. Lawson, can you wrap up your presentation, please? Thank you.

Ms. Kate Lawson: Thank you.

In conclusion, let me be clear that universities face an uncertain future; they continue to be seriously underfunded; they are facing a profound shift towards temporary and part-time workers; and much remains to ensure that workers in our sector have access to pension plans. Thank you very much.

The Chair (Ms. Soo Wong): Thank you very much. Mr. Baker, can you begin the questioning?

Mr. Yvan Baker: Thank you both for coming in today. I have to say that I appreciate the important work that the faculty you represent do every day, I think, in doing some of the things you mentioned in your preamble, but also in preparing our young people for the world beyond.

I had the privilege, over the last four years, of being a part-time faculty member at York University. It's one of the most rewarding things that I've ever done, for some of the reasons you stated, but also because I realized the important role that we all play—I'll say "we," if I may—in helping those young people be prepared for that after they graduate, because we are often the last touch point before they enter the labour market.

Ms. Kate Lawson: Absolutely.

Mr. Yvan Baker: I wanted to address a couple of quick points that you raised and then ask a couple of questions, if I could. First of all, you spoke to university funding. I know that if we think about going back to 2005 and the Reaching Higher plan, the government has continued to increase funding towards universities. I think that it reflects an appreciation of the important role that universities play. I know it's sometimes difficult. I have a management consulting background, too, so I've spent time looking at that over the years, and sometimes it's difficult to compare data, depending on when the data was collected and over what time period you're looking, but certainly I know that university funding has risen about 29% per student since about 2002-03. I appreciate the feedback you've given us. I'll certainly take that back; it's helpful.

I take your point on pensions. Again, I know that you're working closely with the ministry on a plan for that. I know there's more technical work to be done but I appreciate that feedback. We'll take that back as well.

I was hoping to ask you: I know that the ministry is looking at the funding formula review. I was curious to

know what your thoughts are on that, what you're hearing from your faculty on that.

Ms. Kate Lawson: I think there's a good deal of anxiety and uncertainty about what a funding formula review would look like. The current regime has been in place longer than the institutional memory of most of my colleagues.

There has been envelope funding over the years that has specifically targeted this area or that area, for often very good reasons. We really want to ensure that all of these discussions on potential changes to the funding formula involve broad consultation with faculty, with students and with all stakeholders. Indeed the public, I think, has a great interest in this as well. We'd want to make sure that those changes were the result of broad consultation.

Mr. Yvan Baker: I think about my experience, and one of the things is that sometimes students come to me and come and ask for career advice. They say, "How can I succeed? Do you have any advice on how to find a job, or are there people you can introduce me to?" Is there anything we can do as faculty, or as government, more broadly, to help make sure that we're giving university students who graduate the best possible outcomes—supporting them and achieving the best possible outcomes—when they do graduate?

Ms. Kate Lawson: I appreciate the fact that you have been a professor and I think therefore you have, like me, been privileged to meet these incredibly bright young people with lots of ambitions, ideas, drive, and who are incredibly hard-working.

I would argue that one of the best ways of supporting them, in fact, is that in those four years in which we are privileged to work with them, they actually have opportunities for meaningful interaction with faculty. Students in classes of 400—or 1,000, God help them, sometimes: Those classes can be very anonymous. Students can feel very disconnected from the institution, from their learning. I know I work very hard and my colleagues work very hard, and the best we can, to try to establish personal relationships. As you say, that student who comes by your office hours and says, "I'm thinking about doing this; do you have any suggestions?" or, "How can I get on that track to employment?" or, "What courses would you suggest? I want to do this"—it's often those personal conversations, I think, that make all the difference for many, many students.

Mr. Yvan Baker: That's helpful.

The Chair (Ms. Soo Wong): Thank you very much for your presentation, Ms. Lawson, and your written submission as well.

CANADIAN AUTOMOBILE ASSOCIATION

The Chair (Ms. Soo Wong): The next presenter is the Canadian Automobile Association, CAA: Elliott Silverstein. Good afternoon. As you heard, you will have 10 minutes for your presentation followed by five minutes of questioning. This round of questioning is from the official opposition party. You may begin any time. Please identify yourself as well as your position with the CAA for the purposes of Hansard. Thank you.

Mr. Elliott Silverstein: Thank you. Madam Chair and members of the standing committee, thank you for the opportunity to speak to you today. My name is Elliott Silverstein. I'm manager of government relations at CAA South Central Ontario.

The CAA is a national not-for-profit auto club and has been advocating for our members since 1903. Today, CAA serves nearly six million members through nine clubs across Canada. CAA South Central Ontario is the largest club in the federation, and collectively among the three clubs in Ontario, we service over 2.3 million members across the province. CAA's membership numbers highlight that no organization is more in touch with motorists.

1400

Advocacy is the origin of our existence. One of our first orders of business was about a century ago advocating for an increased speed limit from eight to 10 miles per hour in Toronto. Since then, our efforts have progressed. We were an integral part of advocating for school safety, the building of the Trans-Canada Highway, pushing for mandatory seat belt use and, more recently, working on impaired driving initiatives and gas taxes.

Today, CAA continues to advocate on behalf of its members and the motoring public at both the provincial and municipal levels of government. Our work focuses today on transportation infrastructure, mobility, traffic safety, consumer protection and the environment. We focus on these issues that affect our members and the motoring public and do our best to help people understand these issues.

It's important to note that our members are not just motorists. Our members are cyclists. They use public transportation systems. They understand the importance of an integrated transportation system, regardless of the mode of travel they choose.

Today's presentation—I'll be brief—will focus on a couple of areas of importance to CAA. Specifically, I'm going to talk about Bill 15, the regulation of the towing industry and the next steps, as well as dedicated funding for infrastructure.

CAA was supportive of the government's efforts to lower auto insurance rates on average by 15% for Ontario motorists. Following the provincial election, the auto insurance legislation and a previous bill regulating the towing industry were merged together as Bill 15. That received royal assent in November, yet there are many factors that have yet to be defined and will soon be addressed via regulations.

While the government will be convening discussions shortly with the towing industry and its stakeholders regarding these regulations, it's important to highlight today some of the risks as these conversations commence, most notably that the cost for consumers and consumer protection and safety could be impacted if regulations are not reflective of today's environment.

Through Bill 15, the towing industry's exemption from the commercial vehicle operator registration, or CVOR for short, has been removed. In essence, tow truck operators could be subject to the same conditions and requirements as long-haul truck drivers, even though the type undertaken by tow truck drivers is vastly different.

Under CVOR, tow truck drivers would be subject to the same hours of service as commercial truck drivers. The risk in doing so is that tow trucks are often completing a service call and, depending on their location in the province, may not have another call for several hours.

Requiring tow trucks to be compliant with commercial trucking models is not recognizing the various business models between the two, and it could have a significant impact for both the industry and consumers. For example, it could result in fewer tow trucks being available on the road to provide service, which, in turn, has the potential to have motorists waiting longer for service following a vehicle breakdown or collision and could also potentially delay the clearance time from the roadside.

Each example mentioned could have a financial impact not only to those directly affected, but to the general population, particularly as we hear time and again how gridlock costs the greater Toronto and Hamilton area up to $11 billion annually.

Currently in Ontario, there are less than two dozen municipalities that have towing bylaws in effect. As the regulations from Bill 15 take effect, there are questions surrounding how the regulation of the towing industry will be administered. Will it take the form of a provincial licence with potentially some form of municipal involvement or compliance? Or will each of Ontario's 444 municipalities have the ability to establish various bylaws around requirements, costs and other processes?

The latter model is of great concern to CAA, as it would require tow operators who provide service in multiple areas, multiple jurisdictions and multiple municipalities to comply with varying and inconsistent regulations. But, moreover, it provides an inconsistent structure for motorists who simply want to get to safety and not worry about the cost structure and how it's broken down on one side of the road versus another.

If regulations are not instituted in a manner that is equitable to both consumers and the industry, a fully municipal model could result in great costs for the towing companies, costs that ultimately would be passed back down to motorists and contradict the efforts to reduce costs for motorists through auto insurance reforms.

We are pleased to be part of the upcoming discussions. We're looking for a commitment from the government that they will ensure a fair and equitable system for towing, established via regulations.

In last year's budget, the government introduced Moving Ontario Forward, a dedicated funding plan to expand Ontario's transportation network. CAA has long called for dedicated and sustainable funding to help address transportation infrastructure needs, including roads, bridges, highways and transit projects. At the time, $29 billion was committed over a 10-year span for infrastructure, and the funds were divided between the GTHA and the remainder of the province.

Some of the methods in which the funds would be collected included allocating 7.5 cents of existing gas tax and allocating the HST charge on gas and diesel sales. These efforts were significant, and in the current economic climate we see gasoline prices sharply lower in comparison to one year ago. Prior to today's presentation, I reviewed data from CAA's gas price monitor and found that the current provincial average per litre is 88 cents. In comparison, one year ago the average price in the province was $1.26. Over the past 12 months, we saw last June the highest price on average in Ontario: $1.41. This data shows us that there has been a 38-cent reduction on average per litre since this time last year.

With the funding formula reliant on the collection of HST to provide dedicated funding over the next 10 years, we're seeing up to three cents per litre being collected in HST at the pumps based on the current retail prices. While it is likely that gas prices will rise and possibly return to the previous levels over time, there is a current shortfall in the HST being collected compared to various points over the past 12 months.

Our recommendation on this subject is simple. The commitments made in last year's budget provided the foundation for numerous improvements to Ontario's transportation infrastructure network. While market conditions have lowered gas prices, it's imperative that the government maintain its commitment to this dedicated fund as originally projected, regardless of the reduction in HST collection.

Thank you for your time today. I welcome any questions you may have.

The Chair (Ms. Soo Wong): Thank you very much. Mr. Fedeli, you can begin.

Mr. Victor Fedeli: Thank you very much and welcome, Mr. Silverstein. Full disclosure: I am a CAA long-time member and have always enjoyed the privileges of belonging to that auto club. It's been very, very useful, and I highly recommend it to people for their safety in their travels throughout Ontario and Canada.

Mr. Elliott Silverstein: Thank you.

Mr. Victor Fedeli: I'm not going to spend a lot of time on Bill 15. You articulated it very well. Our party, the PC Party, brought a tremendous amount of amendments to Bill 15 specifically on the towing side, and we were turned down unanimously, every single one of them, even one that was pretty much grammar—a comma—and that got voted down as well. It pretty much tells the mindset of what we were dealing with on that. It was going to be rammed through no matter what.

You spoke about numerous methods in the past budget to devote money towards infrastructure, so let me suggest to you—because we have so much time, to be quite honest—don't get your hopes up with the methods.

I'm going to specifically talk about the Trillium Trust. In the Trillium Trust, it is the intent, at least the stated intent, of the government to sell assets and put those funds into a Trillium Trust to use for infrastructure, to

take care of members and the rest of the people in Ontario who drive on the roads. I've read the bill from top to bottom and there is one sentence that's particularly disturbing that you need to know about, because it basically states that none of the money may ever, ever, ever make it into the Trillium Trust. The one sentence states that when a significant asset is sold—and the magic word here is "portion"—a portion of the sale—and the next magic word is "may"—may go into the Trillium Trust. So when an asset like the LCBO head office, used as one of the for instances—when an asset like that is sold, the comment now that was passed is that a "portion" of the proceeds "may" go into the Trillium Trust.

I brought two amendments forward: that the word "portion" be changed to "all" and that the word "may" be changed to "must," so that all proceeds must be put into the Trillium Trust, because that's a philosophy I believe in. They both, individually, got turned down. They were voted down by the government. Now we have a motion that says a portion "may" go.

I brought a third amendment—a pretty simple one, actually, that you would think, if you were going to be open and transparent, you would accept. It says that when a major asset is sold, the Auditor General will have 90 days to come to the Legislature and tell us what was sold, how much did you get for it and where did the money go. Pretty simple, you would think. That too got turned down, voted down by the government, in a complete move to keep any records of any sale and any apportioning of any money removed from our opportunity—so I say to you, don't get your hopes up that there will be additional funds. This money is going to be put into general revenue, to be used exclusively to bring the deficit down. Sadly, by doing that, you're basically burning the furniture to heat the house.

1410

Ms. Catherine Fife: That's my line.

Mr. Victor Fedeli: It's a line we've shared. If you look at my record as mayor, Catherine, you're going to find that.

The Chair (Ms. Soo Wong): Mr. Fedeli, what's the question for the presenter? You only have two more minutes.

Mr. Victor Fedeli: When you don't have infrastructure funds that are guaranteed, how do you build infrastructure?

Mr. Elliott Silverstein: Certainly part of the work that we've undertaken over the past number of years is working with the government. We've worked with a number of stakeholders to really try to find solutions to the challenge of how to build infrastructure. There have been some great reports and great task forces. There was the task force that spoke around the time of the Big Move and talked about ways to fund that.

Certainly we have the plans in place right now, which we want to make sure are kept. I think that part of the solution is also to make sure that anything that does come down the road in the future is not burdening any particular aspect, so that it wouldn't be too onerous on consumers or too onerous business, but to find a healthy mix, so that if there is going to be any need down the road, it is something that is shared accordingly, but not necessarily too invasive on one side versus another.

The Chair (Ms. Soo Wong): Okay, Mr. Silverstein, your time is up. Thank you for your presentation. If you have any written submission, please submit it by 5 p.m. today.

ONTARIO ASSOCIATION OF CARDIOLOGISTS

The Chair (Ms. Soo Wong): The next presenter is the Ontario Association of Cardiologists. We have two people coming up. Good afternoon. I see that there are some handouts; I think the Clerk is going to come around to assist with the distribution. Dr. Swan, welcome. You have 10 minutes for your presentation followed by five minutes of questioning. This round of questions will be coming from the third party. You may begin any time. Please identify yourself and your position with the cardiologists' association for the purposes of Hansard. Thank you.

Dr. James Swan: Thank you very much, Madam Chair. On behalf of the Ontario Association of Cardiologists, I'm here today to discuss some of the thoughts that we have on the upcoming budget. To let you know: I'm a clinical cardiologist who has been practising in Ontario for over 38 years, so I'm an old cardiologist.

I'm here speaking on behalf of the Ontario Association of Cardiologists. We are a voluntary professional organization representing Ontario cardiologists. Our board and members work each day with the provincial government, the Ontario Medical Association and the Ministry of Health to maintain, improve and protect the quality of cardiac care that residents enjoy in this province today. The OAC exists independently of the OMA to ensure that the voice of cardiology is heard loud and clear regarding issues that affect the care of cardiac patients in Ontario.

While all cardiologists in Ontario are mandated by government to be members of the OMA, the OMA does not provide its section on cardiology with the financial resources or the infrastructure to allow it to act as an effective advocate for cardiac patients in this province. The OAC fills this gap. Without its ongoing advocacy program, the continued high standard of cardiac care that you enjoy in Ontario would be at serious risk.

Our membership, as you know, is quite diverse: It comprises community cardiologists and entire academic health science centres in cardiology. We represent more than half of the cardiologists who are registered in the province of Ontario. I'm here today to share with you our priorities and some recommendations that we think are important for you to consider as you're moving forward on your budget so that we are protecting the cardiac patients in this province.

The first is to address the impacts associated with the January 2015 unilateral government cuts to physicians, especially as they affect cardiologists. These massive cuts that were announced on January 13 begin to take effect for cardiologists this weekend on February 1, and a 3.15% cut in fees across the board goes into effect. And this is no April Fool's joke: On April 1, the elimination of the chronic disease assessment code E078—and pay particular attention to this—kicks in and further cuts to fees paid to doctors using this code go into effect.

At the same time that things are happening there, my government here in Ontario is underfunding the expected 2.75% growth in costs associated with delivery of medical care in our province. Medical care includes cardiology and cardiac care. For those of you in the room, never forget that time is muscle. When we lose time, we lose muscle, and patients die.

The other thing the government has forgotten is the influx of new people who come into Ontario. There's a tremendous burden of cardiac disease in the people who are moving into this province. Be aware of it. There's at least 140,000 new people coming into this province from all over, and many of them are bringing a tremendous burden of cardiac disease, which we have to deal with.

The government's elimination on April 1 of chronic disease assessment code E078, which cardiologists use when treating our most complex patients, the congestive heart failure patient, is a very, very serious action. The care of this patient is extremely difficult. It requires a significant investment in time, significant expertise in the cardiac problems associated with that patient, and tremendous effort to keep that patient alive and out of hospital. Ontario, if you go ahead and do this, you're picking on the most vulnerable cardiac patients, and their care is going to be seriously jeopardized unless there's a change in this regulation before it comes into effect.

For more than a year, the Ontario Association of Cardiologists has been concerned about the cardiac care for the heart failure patient. We've been told by government that this is the most expensive patient. So we got together the experts—and I tell you that in the Ontario Association of Cardiologists, we have the experts; we have the best in the world. You can read the papers they've published. They're respected throughout the world. These are the people who have contributed to what I'm telling you today. What we have done is we have worked on a heart failure project, and that heart failure project is designed to improve the care in Ontario.

The problem with the E078 code is that you think it may not be properly defined. We found out about this on January 13. We called together the Ontario Congestive Heart Failure Working Group, again made up of the ladies and gentlemen across our province who deliver this care not only in the university, but in the community setting. We have language that we think we can share with you that would more than cover off how the congestive heart failure patient needs to be treated by whatever specialist he's going to, because you have to remember, it's not just the cardiologist who treats these patients. Nephrologists, internal medicine people, others treat this patient. But please do not ignore this patient.

The other thing we've been doing with our experts is that we developed a pilot project because government asked us to try and come up with something that would work. Our experts put together a pilot project, and this pilot would be rolled out in two communities, in Ottawa and in Peterborough. The project is very well laid out. If you look at the costs—it seems that's what you're interested in; you're the budget committee, you want to know about money. If we have an uncomplicated patient and we keep that patient out of hospital, we save $12,000. We have the data to provide to you, should you want. We're happy to share it with you. The complicated patient is going to cost you a minimum of $42,000. Keeping the patient out of the hospital, improving the quality of their care is our goal, and this is what we, as cardiologists, strive to do each day. Also, it's going to improve the quality of life of our patients, prolong their life and make them happier, and what's better than that?

1420

What we would like you as a government to consider is that the cost of this project is $3 million for those two centres. Spend the money; you'll clearly see that the benefits are there. Then, once the pilot—and you believe in the pilot, and it will only take a few months for the data to come forward. This pilot can be put anywhere in Ontario. It's not designed to displace programs that are in place; it's designed to complement them or put it in a place where it hasn't happened before.

The next thing that we want to do—and this is something we presented to you back in 2012. You'll remember the Liberal passed some unilateral regulations about the definition of "self-referral." That would have put out of business the non-invasive cardiac labs—whether they lie in the university or in a community, 80% of them would have been gone. We came to you then with a solution. There was a paper that some of us were authors of, and it was called the Standards for Provision of Echocardiography in Ontario. It showed that if you put those standards in place and you followed appropriateness guidelines—ICES independently analysed our paper and said that we could save at least $44 million.

We went to the government—I'm talking "we" the Ontario Association of Cardiologists, without the support of the Ontario Medical Association. We said to government, "We care about our patients. We want to make sure that this network that we have in place in Ontario doesn't deteriorate. But most of all, we don't want to see patients die." Now, I'm sitting in this chair and, unfortunately, I've seen patients die on the waiting list. I promise you it's not a pleasant sight.

The government agreed with us. They liked our standards. They liked the work that we had done. They saw that the research was peer-reviewed. They said, "We'll change the definition of 'self-referral' to 'appropriateness guidelines.'"

The problem we've had, since they've changed it and we've tried to implement this program, is that it has been

going extremely slowly. So what we would like you to do as a government and as a committee is encourage them to implement these standards. Following the standards, we should have appropriateness guidelines for the testing. You've all heard about "choosing wisely" and "appropriateness." These are the things that we, as clinical cardiologists, believe in, and other physicians outside of cardiology believe in them as well. We think that if you follow that course, you can save significant amounts of money, help pay down your deficit and also improve and protect the care that we deliver each day.

The types of technology are very sophisticated in cardiology today. We have echocardiography, stress tests, ECGs, holter monitoring, MRI, PET scanning and CT angio. If you follow what we're suggesting here—

The Chair (Ms. Soo Wong): Dr. Swan, could you wrap up your presentation?

Dr. James Swan: Okay, I'll just close. The last thing is we, as cardiologists, think that if we work with you in a co-operative way, we can do more together than we can apart. We're here to offer our co-operation to work with government and this committee to make the things we've talked about today reality and to protect the cardiac patient.

The Chair (Ms. Soo Wong): Thank you. Ms. Fife, do you want to begin the questioning?

Ms. Catherine Fife: Thank you very much. Good to see you again. I sort of associate you with the by-election in Kitchener–Waterloo because that's where I first met you, in a Tim Hortons.

Dr. James Swan: That's right.

Ms. Catherine Fife: And you were talking about many of these issues then.

Dr. James Swan: Yes.

Ms. Catherine Fife: But I want to focus on the situation right now that we are in in the province, taking all your recommendations into account. The contract that the government has imposed on doctors eliminates the 50% premium payment on fees charged by cardiologists, amongst other specialists. The government says that these higher payments are no longer relevant, and language can be very powerful. What was the purpose of the premium in the first place? What does this mean to you when those premiums are—

Dr. James Swan: Well, the premium—when you see a patient in the office or you see a patient in a clinic there's a professional fee. That fee is designed to cover the overhead to deliver that particular service.

Ms. Catherine Fife: That's right.

Dr. James Swan: So when you have to deliver a very complex service, it takes time, effort and support. If we lose that 50% premium, then we can't provide that service in the outpatient environment. That's the risk.

The other risk is that these patients are very, very tenuous patients. They require very careful monitoring. This, to us, is very, very upsetting, and it means that the network that we currently have in place, whether it's in a hospital or in a community setting—we will not be able to deliver that service indefinitely. You'll get it for a little while, but then we won't have the money to do it. The patients are going to suffer, and I'll tell you, these patients are brittle.

Ms. Catherine Fife: Yes. Well, you made the point about muscle. When you lose muscle, you lose that potential.

The government also says, James, that they're going to work to develop a savings methodology that results in a higher proportion of savings from higher-paid specialties. This was recently in the news, I think just last week. Has your organization been consulted on this savings methodology, considering that cardiologists are among the higher-paid specialties? I want you to go on the record on this, please.

Dr. James Swan: We haven't been consulted formally.

Ms. Catherine Fife: You haven't been?

Dr. James Swan: No.

Ms. Catherine Fife: In the past, you've raised concerns with this committee—this is your third time appearing before this finance committee in the last three years—about the way the health links program was rolled out and the fact that cardiologists weren't involved at the beginning. The government says they're expanding the health links program. Have your concerns been addressed around the gaps in service and the disconnects in the health links program?

Dr. James Swan: That's what the congestive heart failure pilot was designed to do, because we felt that we'd been left out. We actually went to the government and told them we'd been left out. We asked how we could work together, and over the last year we have worked together with the experts. We presented it and gave it back to the Ministry of Health about 10 days before the regulations came forward in January.

The word that I have, the preliminary feedback, is that they thought that the proposal was extremely sophisticated and had a lot of merit. They said they would like to explore it further with us, so I think that's a positive reaction.

Ms. Catherine Fife: Sure. And I remember you talking to me, because at the time it was Minister of Health, Deb Matthews.

Dr. James Swan: Yes.

Ms. Catherine Fife: I remember the numbers that you presented. It was a savings of $44 million around the self-referral piece. It makes sense. We've already invested all this money in these patients. For them to get to this point in their patient-centred care and for us to drop the ball—

Dr. James Swan: No, no. We're committed to implementing the standards. There are only a few echo labs in the province that we've been able to do it at so far. The cardiologists—and I can speak for not only the members of the OAC, but there are other cardiologists—all want to see those standards in place. We all want to see the appropriateness guidelines.

The problem is that we haven't had the resources on the government side to move that forward. One of the

things that we've asked here is to please put those resources in place, please move that forward. There are tremendous savings there. I'm sure there are more savings there that we need, that could cover off this E078 code, but we have to work together. If we don't work together, this cardiac care system is going to fall apart.

Ms. Catherine Fife: That's right. It seems to me that you've come to the table with this proposal and that, based on the pilot, it makes sense. Just for clarification, though: Does this year's imposed contract remove additional funding for ECGs?

Dr. James Swan: It's across the board, everything we do. It's 3.15% across the board.

The other thing I would really encourage the members of this committee to do is to go to the website ontarioheartdoctors.ca and look at two items there. Look at A Day in the Life and look at Winona's story; they clearly outline how we treat patients across this province and how we improve and save their lives. I think, when you look there, you'll see why we're so concerned with what has come our way in the last few days. We are going to speak out publicly and protect our patients. We'll do the best we can.

Ms. Catherine Fife: Thank you very much, James, for coming in.

The Chair (Ms. Soo Wong): Thank you, Dr. Swan, for your presentation and your written submission.

ONTARIO TRIAL LAWYERS ASSOCIATION

The Chair (Ms. Soo Wong): The next presenter is the Ontario Trial Lawyers Association. I believe Steve Rastin, the president, and John Karapita are before us. Good afternoon, gentlemen.

Mr. Steve Rastin: Good afternoon.

The Chair (Ms. Soo Wong): Are there handouts? Is there a handout coming around?

Mr. Steve Rastin: Yes.

The Chair (Ms. Soo Wong): Okay. The Clerk will circulate that.

Mr. Steve Rastin: Mr. Karapita is circulating the handouts as we speak.

The Chair (Ms. Soo Wong): Thank you. As you heard, you will be given 10 minutes for your presentation followed by five minutes of questioning, and this round of questions will be coming from the government side. You may begin any time. Please identify yourselves and your positions with the Ontario Trial Lawyers Association for the purposes of Hansard. Thank you.

1430

Mr. Steve Rastin: Thank you, Ms. Wong. My name is Steve Rastin. I am currently the president of the Ontario Trial Lawyers Association. With me to my left today is my friend and director of government relations at OTLA, John Karapita. On behalf of our 1,600 members and the tens of thousands of accident victims we represent, I want to thank you for allowing us to be here today. I hope to be less than 10 minutes to allow for some more questions and so on.

I have appeared in front of this committee and other groups previously, and I thank you for the privilege of doing that. I've learned a lot. This is probably the last time I'm going to have the privilege of appearing in front of you. One of the things I wanted to convey is how privileged I am and how much I've learned about the parliamentary system in sitting and appearing in front of you.

I think people are cynical today. I'm going to tell you something that I've learned, and what I've learned is that I think politicians of all three parties want to do the right thing. I think that's why you get into government. I think there are philosophical differences, and I hear people tell you that you do the wrong thing every day. I believe that you want to do the right thing. This process has restored my faith in government, even in the face of Bill 15 and things like that, which we have considered to be monumental losses and steps back. But the process itself is a good one.

We think the problem is that you need the right information to make the right decisions and that you get conflicting information from everywhere and you do not always get reliable input. We think it is important that you hear the stories and you hear where people are coming from. So I want to tell you, just for a moment, about my story and why you should listen to me.

Like a lot of politicians, I'm a volunteer. This is an unpaid position for me—

Ms. Catherine Fife: Steve, just a moment. Madam Chair?

The Chair (Ms. Soo Wong): Yes?

Ms. Catherine Fife: I think that we should have a quorum.

The Chair (Ms. Soo Wong): Oh, right. Okay.

Ms. Catherine Fife: Because I want people to hear what you have to say.

The Chair (Ms. Soo Wong): Okay. I'm going to have to—is there a quorum, Mr. Clerk?

The Clerk of the Committee (Mr. Katch Koch): No, there isn't a quorum.

The Chair (Ms. Soo Wong): I'm going to have to recess the committee, so you just have to hang tight for a minute. I'm going to have to get a quorum call before we begin your presentation. We're going to recess for 10 minutes and come back.

The committee awaited a quorum.

The Chair (Ms. Soo Wong): I'm going to resume the committee. We have a quorum.

Sorry about that, Mr. Rastin. You may begin again.

Mr. Steve Rastin: Should I start from scratch?

The Chair (Ms. Soo Wong): Absolutely.

Interjection.

The Chair (Ms. Soo Wong): According to the Clerk, no. Whatever the time we start—okay. All right. So you may begin.

Mr. Steve Rastin: I'm sorry. So am I starting from scratch or should I keep going?

The Chair (Ms. Soo Wong): No. Just continue where you stopped off.

Mr. Steve Rastin: Good. I appreciate that. I don't know whether I could do it again.

So, as I was saying, I want to tell you about my story. As I said, I'm a volunteer. Everything I do is as a volunteer. I come from a history of volunteerism. I served as a volunteer on my hospital board for seven years. I was president of my hospital board for four. I have been in my Rotary Club for 20 years and president of it. I have been on the police services board. I volunteer at cancer care clinics. I sponsor school trips to Holland with the veterans. I buy 500 bike helmets every year for underprivileged youth. I do these things because I care about the community and I care about what's happening.

I view my role here today as a volunteer speaking on behalf of the public interest. Will I tell you that there is another interest, a financial interest, in what we talk about? Sure. But my primary role is to speak in the public interest.

I want to make three key points to you.

Number one, when it comes to the question of auto insurance, you are relying on data that is not reliable, that is not good data. I'm specifically going to refer to the KPMG report, the transparency and accountability report that you're taking a look at.

KPMG is too closely allied with big insurance for you to listen to them as you make your choices. Two years ago, KPMG sat in this chair, right here where John Karapita is sitting, beside Barb Taylor, one of the executives at the Insurance Bureau of Canada. The author of the KPMG report, Mr. Cheng, was introduced as "their expert" for the IBC. I'm going to ask you: How can somebody sit here and be introduced as a big insurance expert in 2013 and then turn around a year and a half later and write a neutral report overseeing the insurance industry on behalf of government? I can tell you that a lawyer wouldn't take that job. I can tell you that even if he says it's not a conflict of interest under his own guidelines, you should view it as a conflict of interest. Surely in the province of Ontario there are experts you can find that are not so closely aligned with one particular interest group that they cannot be said to be dispassionate that you can look to to get your information from.

The second point I want to make with respect to auto insurance is this: Big insurance has already won this fight and the consumer has already lost. Let's take a look at what has already happened. Let's take a look at the sad reality. In 2010, benefits for most citizens of this province were cut by 97% by legislative changes that we were making. When Bill 15 was passed, the reality is that everybody listened to us but at the end of the day, the Legislature did what the big insurance interests wanted and only what the big insurance interest wanted.

A year and a half ago you passed changes to the definition of "incurred expense." You know what those changes mean? That if an individual is catastrophically injured in a car accident and his wife stays home to change his diapers and care for him and feed him through a feeding tube, her services to him today are worth nothing, because the rules were changed and that was taken away.

Just after Christmas this year, in January, you changed the insurance provisions and you decreased insurance coverage for accident victims for prejudgment interest by 80%. That's money that is going into the pockets of big insurance companies.

I say to you again that big insurance has already won. They've won on every change that has been going on for 20 years, and they sit here and they continue to ask for more cuts.

In hindsight, I will say this to you: The 15% cut in premiums—which we thought was a good thing at the time, like everybody else—is the worst thing to happen to the auto consumer in the history of auto legislation. Do you know why? Because the insurance industry has used that 15% stick to get you to cut, cut, cut.

Right now, they tell you that they're not making money, but let me ask you this question: Why does just about every insurance company in North America sell auto in Ontario? If this was such a terrible product, how come there are not two or three companies? There are 50 or 60. In fact, Warren Buffett announced this week—I don't know if people saw that—that the Canadian insurance market is so lucrative and positive that Warren Buffett is moving into Canadian insurance.

Further, Co-operators insurance has already announced in a circular—and it's in the materials that we've sent you with our newsletter—that they've already achieved a 16% cut in coverage. They all sell the same product; this isn't like BlackBerrys and iPhones. Every insurance company sells the same product. It's mandated by legislation. So if Co-operators is already at 16%, why did we need to change the laws last year and why do we need to change the laws more?

Let me say this in conclusion: Last year I talked about pop and chips. I think a lot of people aren't here from last year, but I'm going to say what I said before. It used to be that you went to the store and you bought a two-four of pop for five bucks and a big, giant bag of chips for 99 cents. Twenty years later, for five bucks, you get four pops or six pops, and for 99 cents you get a tiny, little bag. That's what auto insurance is like. The surface looks the same but the product is now a shadow of where it was. With the cuts that have been made recently, auto insurance is down to the point that you're getting three chips and a sip of pop. There is nothing left in the product, but the government of Ontario makes people buy it.

It's also important to remember that auto insurance was a trade-off. In 1990, when auto insurance was introduced, 95% of people in Ontario lost their right to sue for pain and suffering. Ninety-nine—or sorry, 95; I don't want to overstate—90% to 95% lost their ability to sue in tort. The trade-off was this generous system of accident benefits. What has happened since then is cut, cut, cut, shrink, shrink, shrink in the system.

1440

Let me ask you: Where's the trade-off today? We still have 95% of people who gave up the right to sue, but the insurance industry is saying, "But we can't make money on no-fault." Well, you know what? They're making you solve their problem. They wanted government to bring in no-fault. It was their idea. They pushed it. Now, they've introduced a system and they say, "Legislature, please help us make money on the product that we forced you to introduce." It's not our fault, it's not your fault and it's not the consumers' fault if they can't make it work.

KPMG says in its report that there should be a group out there to speak for all Ontarians, not just those who are in accidents. Let me tell you that that group already exists, and that group is you. You are the elected legislators for the citizens of this province. It's up to you to stand up for consumers, and I believe that—getting back to what I said before, and I know it sounded hokey—you want to do the right thing. But you can't listen to data from people who are attached to big insurance at the hip. I beg you, take a look at what's already been cut. Take a look at what's out there.

I'm going to tell you this honestly. If you gave me my choice of whether I would purchase accident benefit insurance today, I wouldn't. I wouldn't purchase it for my family, I wouldn't purchase it for me. There's no value left to the product, except for the 500 or 600 people who are catastrophically injured. There's value for them. For everybody else, there's no value left in the product. Yet, they want to cut it more; yet, they make everybody buy it.

So I'm asking you, let's work together for the public. Don't be fooled, don't be bullied, because we hear that there are threats being made. Let's stand up together for Ontarians and prevent further cuts. Thank you.

The Chair (Ms. Soo Wong): Thank you very much. Ms. McGarry, do you want to begin the questioning?

Mrs. Kathryn McGarry: Thank you very much. I really appreciate a lot of the community work that you do. I'm a former nurse, an emerg nurse, so the idea of putting out a number of helmets per year will most likely prevent some of those head injuries that cost us all as a society.

Mr. Steve Rastin: Absolutely.

Mrs. Kathryn McGarry: We certainly have a fellow Rotarian here at the table in MPP Lalonde. So thank you very much for your presentation.

I really wanted to go back to your comments regarding KPMG. Just so that you're aware, the government did put out an RFP at the time. We did get three requests from consult groups. All three of them had done work with IBC beforehand.

I also really wanted to ask you what your suggestions would be to the government on how we could reduce auto insurance on behalf of Ontario's approximately nine million drivers.

Mr. Steve Rastin: Let me make two comments about that. Number one, the product should already be reduced. I commend Co-operators. We believe that insurance companies should be profitable. Co-operators already hit the 15%. They're at 16% according to their own newsletter. So in terms of reducing the product, there are already enough savings in there to reduce the product.

Whether further cuts are necessary or not—and here's the other problem: There are costs in there that we could control. For instance, the insurance industry's own data says that they spend 70 or 80 cents assessing people for every dollar that they pay out in benefits. We could cut the administration cost, we could cut the assessment cost, we could cut the overhead cost on that side of the system.

There is a government-mandated profitability level for insurance companies, but you don't ask them to run their businesses smart. I would love to have a deal where you said, "Steve, you're guaranteed an 11% return on investment, no matter how bad you run your company, no matter how bad you take your cases on." That's the deal that auto has. Maybe we ought to say, "You ought to run your businesses properly, and if you take a loss, that's fine," because most of them are making money.

If we look at where money is being improperly spent, if we look at how much money is being spent to fight cases instead of pay cases—and if the insurance industry thinks fraud is as bad as it is, why doesn't it take a run at fraud? Because we support that. If there are bad tow truck companies out there or bad rehab clinics out there or bad things, let's work together to root the fraud out of the system, not punish the taxpayers for other people's fraud.

Mrs. Kathryn McGarry: Thank you. As you know, the Honourable J. Douglas Cunningham conducted a review of the dispute resolution system and recommended several reforms. On your website, it states that he recommended a number of sensitive reforms. Could you inform the committee here which of Justice Cunningham's reforms the OTLA was referring to?

Mr. Steve Rastin: Sensitive? I don't have the benefit of the website in front of me. I can tell you I've talked to Justice Cunningham a number of times and sat on a committee with him. We support many, many of the reforms in his report, and we said that under the Bill 15 things, we think a lot of the things that he was talking about were good ideas in terms of streamlining the system and simplifying it.

We had two concerns with his report. One is taking away the right to sue and moving the matter over to the LAT. There are actually going to be more court cases now, not less. Under the old system, I would take a tort case and an accident benefits case, and I would link them together and I would have one court proceeding. I would call the experts once. I would settle the cases together, because the two cases are joined together like your fingers. You can't settle one without the other one.

Under the new system that has been imposed under Bill 15, we're going to have to have a LAT case, when the LAT ever gets going and running, and we're going to have a separate court case. That's going to be twice as many disputes, twice as much money, experts testifying twice, and twice as much bureaucracy.

The other change that was made with Bill 15 by Justice Cunningham, and that we disagree with, is cutting the insurance rate to 1.3% for accident victims. Insurance companies make 4% or 5% on their money; that's a question of fact. There's no debate about that; it's in their data, right? But it's not their money. The money that's sitting in the bank that they're making money on is the accident victims'. They're making money on your money when they don't settle with you. If they don't settle with you for 10 years instead of five, they make twice as much money. Under the old system, it was a wash because they basically had to give you about as much as they were making. Under the new system, they get to keep the difference.

Other than that, we support Justice Cunningham's report, and we support all the recommendations that he made.

The Chair (Ms. Soo Wong): Thank you very much, gentlemen, for your presentation and your written submission.

CANADIAN BEVERAGE ASSOCIATION

The Chair (Ms. Soo Wong): The next group coming before us is the Canadian Beverage Association. I believe it's Jim Goetz.

Good afternoon. Thank you. As you heard earlier, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be coming from the official opposition party.

You may begin any time. Please identify yourself and your position for the purpose of Hansard. Thank you.

Mr. Jim Goetz: Great. My name is Jim Goetz, and I'm president of the Canadian Beverage Association. I'm happy to appear in front of the committee again. It's a little bit warmer than my last year's appearance, which was in North Bay—a balmy minus 35, I believe it was, that day.

Mr. Victor Fedeli: It was beautiful there.

Mr. Jim Goetz: Yes, and my car nearly didn't start, either, for me to get home. Thank you. Thank you, Chair.

Let me begin by expressing my gratitude for the invitation to appear today. My name is Jim Goetz, and I'm president of the Canadian Beverage Association, representing the non-dairy, non-alcoholic beverage sector.

Our industry makes a substantial and ongoing contribution to the economic life of Ontario. Our member companies provide direct employment for some 7,700 Ontarians and indirect employment to over 18,000 more through jobs related to our industry, such as transportation, production, distribution, construction and the retail sector. I should add that the vast majority of these jobs are unionized, with good benefits and solid pensions.

Ontario is also our industry's largest Canadian centre for manufacturing, distribution and sales. In total, we have more than 60 facilities province-wide, generating $2.9 billion of added value to the Ontario economy. I want to underscore this fact, because at a time when Ontario is working hard to renew its competitive position as a manufacturer, our industry remains a reliable partner.

For example, our industry's manufacturing activities are responsible for 55% of our economic activity in Ontario. For every dollar of production in the beverage industry, 85 cents is retained in the Ontario economy. That is 7% higher than the manufacturing average in the province.

That's not nearly the whole picture of our economic contribution. Our members are one of the largest blocks of consumers and customers of corn products, creating vital demand for Ontario's corn farmers and processors. They are also the country's largest buyers of packaged aluminium—much of it coming from Whitby, Ontario—and highly recyclable PET plastic.

1450

Finally, our members oversee extensive vehicle fleets that create demand for steel, manufacturing parts and, of course, vehicle production and assembly here in Canada. We're proud of these contributions, but we are also aware that our industry is continuing to face greater challenges. We appreciate the government's support of the food and beverage sector through the recently announced Food and Beverage Growth Fund, and strongly support Premier Wynne's goal to double the sector's growth rate and create 120,000 new jobs in Ontario by 2020.

Recognizing the Premier's goal, we fear that future policies and legislation from the government, if not developed through consultation with industry, would add substantial costs to our members, making it difficult to continue our current course, let alone to reach these targets. Specifically, our concerns are in the form of a proposed carbon-pricing strategy, future waste reduction legislation and a provincial pension plan.

We are also aware that, as an industry, we bear important responsibilities. I want to assure each member of this committee that we take these obligations very seriously, especially when it comes to offering consumers a healthy balance of beverage choices and reducing the environmental footprint of our industry. I want to emphasize that we recognize that we must be a part of the shared effort, and we're very committed to doing our part. At the Canadian Beverage Association, we're more than prepared to keep working in partnership with the government of Ontario in pursuit of these goals, from industry-led initiatives such as our Clear on Calories labelling to our proposed industry stewardship plan to increase recycling in Ontario.

Moving forward, the Canadian Beverage Association and our members have announced that we are looking at ways to adopt a goal announced by the American Beverage Association and its partner the Alliance for a Healthier Generation to reduce beverage calories in the American diet. As this is a major undertaking with many implementation complexities, we are taking the time to examine the best way to bring this important program to Canada.

On that note, I bring my remarks to a close, and I want to thank you for the opportunity to appear. I look forward to your questions. Thank you.

The Chair (Ms. Soo Wong): Thank you very much. Mr. Fedeli, do you have a question?

Mr. Victor Fedeli: Thank you very much, Mr. Goetz, for being here. It's good to see you. It has been a year.

Mr. Jim Goetz: A full year.

Mr. Victor Fedeli: A full year. You mentioned the pension tax and the carbon tax. You've got a couple minutes if you'd like to—

Mrs. Kathryn McGarry: Point of order, Chair.

The Chair (Ms. Soo Wong): Sorry, Mr. Fedeli; there's a point of order. Mrs. McGarry.

Mrs. Kathryn McGarry: Yes. It's the Ontario Retirement Pension Plan. It's not a pension tax.

Mr. Victor Fedeli: Well, look, we're not going to debate it here, and that's not a point of order.

You mentioned the pension tax and you mentioned the carbon tax. Can you take some time and elaborate on your thoughts on those?

Mr. Jim Goetz: Certainly. I mentioned those three initiatives from the perspective of the food and beverage sector. Specifically, I think it's important, when governments are rolling out new initiatives or thinking about new initiatives, that the cumulative effect of certain initiatives is measured on specific industries, not just, say, manufacturing as a whole or "private business" as a whole.

I raised those three specifically because, in the beverage industry, we already pay fees for recycling in the province, which is obviously our obligation. If those fees were to increase in combination with an industry, like food and beverage, that is highly reliant on transportation, those costs would increase again.

Then thirdly, with the pension plan, it's making sure that those definitions around what adequate pensions need to be provided, specifically in our industry, where pensions generally are provided. We are just asking that there be a consultation when initiatives are being rolled out, that there be some coordination about the cumulative cost to different sectors, specifically in this one, the food and beverage sector—again, held up against the goal of creating new employment—that being a sector of growth which has been identified by the province.

Mr. Victor Fedeli: On the pension tax, which concern do you have? Is it the fact that it's going to be exclusively for those who have a defined benefit versus a defined contribution? Is that the concern with that tax?

Mr. Jim Goetz: That would be one of the concerns, but I think that, again, as an industry, we are open to working—

Interjections.

Mr. Victor Fedeli: Excuse me. Chair, I can't hear him. Could you start over please?

Mr. Jim Goetz: That would be a concern. It's something I would like to continue to discuss with the government.

We are also concerned about what the definition of an acceptable plan would be and we look forward to sitting down with the government and having open conversations about that to make sure that that definition is fair and adequate for those companies that are already providing good benefits to their employees.

Mr. Victor Fedeli: Is it a concern of yours that the word "acceptable" may have a different meaning than what you feel would be acceptable?

Mr. Jim Goetz: I think there needs to be a significant conversation about that before a plan is to be rolled forward.

Mr. Victor Fedeli: On the carbon tax, you talk about the fact that you're already doing recycling. Is your contention that you feel you are already paying towards that? Is that your issue?

Mr. Jim Goetz: I look at those separately. The Blue Box system, for example, in Ontario is set up as a shared model right now between municipalities and industry. We're looking forward to the review, and that has been going on for quite some time now, to roll out changes to the Waste Diversion Act. Our members are—we know our obligations, that we have to pay into those recycling fees.

I think the potential of a carbon plan is, again, something where conversation needs to be kept very open and broad with industry, particularly on food and beverage because we rely heavily on transporting our products around this big province. There could be significant costs there at a time when the province is looking to increase employment in the sector.

Mr. Victor Fedeli: We've heard from many, many, many companies who have sat in that very same chair in this city and the other six cities we've done. We've heard about the significant costs that it could—either of these or both of these taxes. A lot of them talk about the fact that we would become less competitive because the Americans just across Lake Ontario here and, in some places, across the rivers, would not have that. Is that a feeling that you share?

Mr. Jim Goetz: The positive thing about the beverage industry in Canada is that—first, there's a bit of a misconception that a lot of our products are simply produced in the United States and shipped across the border. That, I think I've explained today, is not the case, and a lot of people don't know that. Those are investments in Canada, in Ontario, that our member companies have made, and we want to maintain that competitiveness.

Again, I think what we would request is that as proposals go forward, there is a collective look at additional costs, particularly among sectors that it may affect more than others.

Just looking, again, particularly with food and beverage, where transportation is—

The Chair (Ms. Soo Wong): Okay, Mr. Goetz. Thank you very much for your presentation. If there's any written submission, please submit it by 5 p.m. this afternoon. Thank you.

TORONTO FINANCIAL DISTRICT BUSINESS IMPROVEMENT AREA

TORONTO ASSOCIATION OF BUSINESS IMPROVEMENT AREAS

The Chair (Ms. Soo Wong): The next group coming before us is the Toronto Financial District Business Improvement Area and the Toronto Association of Business Improvement Areas. I believe we have three presenters: Mr. Grant Humes, the chief executive officer for the Toronto Financial District Business Improvement Area; Mr. John Kiru, the chief executive officer of the Toronto Association of Business Improvement Areas; and Mr. Lionel Miskin, the vice-president of Toronto Association of Business Improvement Areas.

Gentlemen, you have 10 minutes for your presentation, followed by five minutes of questions. This round of questioning will be going to the third party. Please identify yourselves for the purposes of Hansard. Thank you. You may begin at any time.

Mr. John Kiru: Thank you, Madam Chair and members. My name is John Kiru. I'm the executive director of the Toronto Association of BIAs. With me here today is Lionel Miskin, who will be carrying the brunt of the presentation, and Mr. Grant Humes, who will tie the submission together.

TABIA is the umbrella organization of Toronto's 81 BIAs, which are currently found in 30 of the city's 44 wards. Across the province, there are some 328 BIAs. Collectively, Toronto's 81 BIAs are a powerful voice for business. They represent over 35,000 businesses, 17,000 properties, $46 billion in assessed value, and account for half of all commercial and industrial property taxes collected in the city of Toronto—$1.3 billion worth of tax value, of which over $600 million comes to the province in the form of the BET. They represent 23% of all property taxes collected in the city of Toronto and employ over 470,000 people or 35% of Toronto's total employment. That is the organization the three of us represent.

1500

I will let Lionel carry on, in terms of the report that we had commissioned.

Mr. Lionel Miskin: Chair, I'm Lionel Miskin. I'm vice-president of TABIA. My submissions today are based on a report commissioned by TABIA. The report is a result of a study made by Adam Found of Trent University and Peter Tomlinson of the University of Toronto, both of whom are recognized experts in the property tax field. You have copies of the report, which have been filed with the committee.

I ask you to imagine that someone proposed an income tax where people in the same income bracket paid wildly different rates of tax. How would that go down? Imagine that someone proposed a property tax where people with the same value assessment paid different rates of tax? How would that go down?

Well, you don't have to imagine that second scenario. It's a reality right here in Ontario. Two properties, side by side, with directly competing businesses, one well established and one new, will pay different rates of property tax.

In some locations, as in the GTA, a third property of the same assessment with a directly competing business will pay a rate different from the first two. I'm talking, of course, about the provincial property tax, still inaptly named the business education tax, or, if you prefer the acronym, the BET.

We're not talking about minor variations. If you look at appendix 1 of the report, you will see all of the 2014 rates, and you will see that the Waterloo region paid at a rate of 1.46% on its commercial property and 1.56% on its industrial property, whereas the district of Muskoka, at the other end of the scale, enjoyed rates of 0.65% and 0.79% respectively. These variations translate into thousands of dollars annually, all on the basis of equal assessment valuations.

To add to the anomalies, there is no correlation between the BET rates in a school board's district and revenue available to the board. A highly taxed municipality, such as Waterloo, might find that some of its BET is being used in a low-tax municipality, such as Muskoka. It's no wonder that studies by experts in the property tax field describe the tax as, and I'm quoting from the report, "arguably the most inequitable provincial tax in Canada."

The education levy on residential properties is uniform right across the province. The provincial property tax discriminates against and among businesses. Although the government's own municipal property tax policy says that business rates preferably should not exceed residential rates by more than a tenth, the reality is that the average BET rate is almost six times its residential education rate.

In July 1997, an advisory panel appointed by the government recommended a uniform education tax rate on all businesses—common sense, it would seem. In its 2008 budget, the government summarized the objectives of the BET reduction program, and I quote from the government's document:

"The BET reductions are key elements in the government's overall strategy to enhance Ontario's investment climate.

"This initiative will also reduce the wide variation in BET rates across the province. The variation in rates distorts efficient business location decisions, placing many regions of the province at a disadvantage and harming the provincial economy." Harming the provincial economy.

So one might ask, why do we still have these anomalies? Do Ontario governments not consider business all that important or is business looked upon as a cash cow? In a province where business is leaving; where government has to pay out huge sums to entice new business to the province; where, in 2015, the nation is facing unprecedented economic issues, it might be worthwhile to consider methods of smoothing the problems facing business. It costs a lot less to retain the businesses that you have than it does to entice new businesses to come to

the province. The city of Toronto is learning that lesson and has taken steps to remedy the situation. Will the province learn the lesson before we lose more businesses and before we lose out on further business investment?

What is particularly disturbing is that the report shows that the BET reduction program touted in the 2007 budget document, for commencement in 2008, could have run its course and done much to level the playing field with an input from government of $300 million. That would have delayed elimination of the deficit by only one month, possibly less. That does not seem like a high price to pay for equity. Although that would not have brought a totally uniform rate, it would have been a good start.

The Ontario government, quite rightly, relies on a key economic variable known as the capital marginal effective tax rate or, if you prefer the acronym, the METR. It relies on that variable to evaluate its competitive position, or you might say uncompetitive position, but it omits the BET from the METR estimates. We don't know why. If the BET were included in METR estimates, a more accurate picture of Ontario's competitive position relative to other provinces might become apparent. That competitive position might well motivate the government to step up the pace of BET reductions. We say that it's well past time that the government seriously addressed and rectify these anomalies and inequities.

Thank you for hearing me. Mr. Humes will carry on a bit.

Mr. Grant Humes: Thank you, Lionel. It's certainly been long recognized that moving to a uniform BET rate province-wide is good tax policy. As Lionel pointed out, BET is not included in the marginal effective tax rate calculations. This omission certainly creates a distorted picture of Ontario's competitive position relative to other provinces and other cities.

I'd also like to point out that there's an economic impact to BET and equity that we try to point out in our submission. I think it's important to highlight it, particularly in light of the recent weeks' constant headlines about job losses that have hit pretty close to home.

TABIA's report, the report that we submitted, shows that $300 million could be unlocked in Toronto and other major cities in the province for job creation. Our report authors, using the quantified value of tax cuts as determined by Jack Mintz for the 2012 budget, suggests that you would see 18,000 jobs could be expected to be created based on this money being available back in the economy via investment by business. That calculation is footnoted in our submission.

To circle back to the substance of our recommendations on page 1 of submission: First, honouring the commitment from 2007 to move to the targeted ceiling rate is not only good policy but will provide a positive economic stimulus. Second, the Ontario government should continue to implement business education tax cuts to a uniform province-wide rate as previously committed. Thank you.

The Chair (Ms. Soo Wong): Ms. Fife, do you want to begin the questioning?

Ms. Catherine Fife: Thank you very much for the presentation. It's really interesting. Have you come before this legislative committee before around the BET cut? Not specifically this.

Mr. John Kiru: No, not specifically the committee. We did meet with the Minister of Finance about a year ago when we first initiated the report.

Ms. Catherine Fife: Now that you have this data that shows that what's at stake is only 3.74 weeks around deficit reduction—this is new information. Have you taken this to the Minister of Finance?

Mr. John Kiru: It was initially initiated as a part of the initial report. That would have been part of the body. I think over the last year and with some of the gaps that have shifted around that period has been reduced from just over a month to just under a month.

Ms. Catherine Fife: Okay. I think it's fair to say that the people of Waterloo would find it really surprising that they're subsidizing Muskoka on this issue. I think that we may not agree on all taxes between my party and your association, but it clearly doesn't make a lot of sense for such inequity to exist across the province. As you make the point out, this province these days is exporting a number of jobs. We're going to have to find some common ground on holding jobs and growing jobs in the province of Ontario.

1510

My question for you: Would TABIA support an increase in BET rates in certain areas in order to achieve equalization sooner? I mean, it's a big question, but—

Mr. Lionel Miskin: Our position has not been to shift the burden from us to the lower-tax jurisdictions, but the object is to create equity. A contribution of $300 million by the province would enable that without having to raise taxes in the lower-tax jurisdictions.

Ideally, we get to a level where everybody is paying the uniform tax. That's the ideal. But we haven't even gotten to the first step yet, which is—

Ms. Catherine Fife: I think I asked the question within the context that you may be waiting a long time, because I think there is some speculation, if I could use that word, as to whether or not this government is going to be able to address the deficit by their targets.

This would be a good opportunity, actually, for you to talk about that target. Based on the economic impact that you're seeing and the financial impact of small- and medium-size businesses across the province, do you think it's reasonable, based on spending and waste, given the auditor's report, that this government will meet their 2017-18 targets on deficit reduction?

Mr. Lionel Miskin: One of the things that I keep telling anyone who will listen—

Ms. Catherine Fife: Well, we're listening.

Mr. Lionel Miskin: —is that sometimes, less is more. What I mean by that is sometimes, if you tax less, you actually get more revenue because you've encouraged more business activity. Sometimes the reverse is true,

that the higher you raise taxes, the less revenue you get from it. If you want an extreme example, you can take a look at what happened in Europe, in Sweden, when the income tax levels for very-high-income earners went to something like 90% or 95%, and all the high-income earners said, “Goodbye, we’re moving out of this jurisdiction.” So the government got 95% of nothing as opposed to maybe 50% of millions and millions of dollars. The same thing happened in England, and you saw the Beatles, a classic example, moving out of England.

Well, the same thing happens everywhere, and it happens in Ontario, but because it’s not so extreme you don’t see it; it’s a gradual process. New businesses coming into Ontario do this kind of analysis: “What are we going to be paying? Where do we locate? Should we locate in Muskoka or should we locate in Waterloo?” “Well, we can’t locate in Muskoka; the facilities that we need aren’t there. We’ve got to be in Waterloo.” “Yes, but look at the tax we’re going to have to pay.”

So those are concerns I think the government should really consider when it decides how we’re going to deal with this BET.

Mr. John Kiru: The closest example of that, most recently, is quite frankly the Halton rate differential, which is just over 40% between that and Toronto, and the Milton development that occurred there in terms of the power centres and everything else that comes through there. Chief officers of any corporation would love to live in Toronto and open their business in Toronto, until the chief financial officer comes in with the sharp pencils and shows them the discrepancy between locating within Toronto or some of the other urban centres, as are outlined in the report, versus just in the periphery. When 66 feet makes a significant enough difference—north of Steeles and south of Steeles—to the point of just under 20% in your business education tax component, that is a compelling reason to not locate in that area. So all we’re asking is for fairness.

Ms. Catherine Fife: I keep thinking of this delegation in Ottawa. He just said the tax regime should promote equality. So you’re on the same page as him.

The Chair (Ms. Soo Wong): Thank you very much, gentlemen, for your presentation and your written submission.

ONTARIO ASSOCIATION OF OPTOMETRISTS

The Chair (Ms. Soo Wong): The next group before us is the Ontario Association of Optometrists. I believe the Clerk has a presentation from Dr. Farooq Khan. I believe he’s a past president of the OAO. Doctor, welcome.

Dr. Farooq Khan: Thank you.

The Chair (Ms. Soo Wong): I’m just going to give you some housekeeping stuff. You have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be coming from the government side. Before you begin, please identify yourself as well as your colleague for the purpose of the Hansard. Thank you. You may begin anytime.

Dr. Farooq Khan: Thank you, Chair Wong. Good afternoon and thank you for this opportunity to present to the Standing Committee on Finance and Economic Affairs. I’m Dr. Farooq Khan, the immediate past president of the Ontario Association of Optometrists, as well as a practising optometrist in Whitby. With me today is Dr. Angela Yoon, who is a practising optometrist in Toronto and policy consultant at the Ontario Association of Optometrists.

The Ontario Association of Optometrists, the OAO, is the leading professional organization representing optometrists in this province, with nearly 1,600 doctors of optometry working in every part of Ontario. We are dedicated to helping our members provide the highest standard of eye health and vision care for Ontarians while driving the profession of optometry forward with government, our professional college and the public.

The Ontario Association of Optometrists works to increase awareness and understanding of the role that doctors of optometry play in ensuring the health of our patients, as well as serve as the designated representative of optometry with government. We also oversee Ontario’s Eye See...Eye Learn program, an innovative partnership with the Liberal government, Ontario optometrists and private sector partners.

Eye See...Eye Learn provides comprehensive eye exams by local doctors of optometry to junior kindergarten students in participating school regions. The eye exams are funded by the provincial health insurance when you have your children’s health card. This means that there is no out-of-pocket cost for the eye exam. If the child requires a pair of glasses, they will receive a complimentary pair donated by Nikon Lenswear and OGI frames and the participating optometrist.

The OAO recognizes the important link between eye health and learning, and recommends comprehensive eye examinations for all children entering kindergarten. It is estimated that nearly 80% of learning comes directly through a form of vision.

We are pleased to tell you that the expansion of the program continues into eastern Ontario, just this week, and further, Eye See...Eye Learn will be province-wide on July 1, making the program available to over 120,000 junior kindergarten students in Ontario.

The Eye See...Eye Learn program represents an important example of how the OAO is committed to working on behalf of Ontario patients and with the government to help bring effective solutions to real problems. It is an important example, and it is just beginning to scratch the surface with respect to the greater role that optometry can play in delivering eye health and vision care.

I’ll speak to some of those opportunities in just a moment, but first a little background: Ontario doctors of optometry provide a number of eye health services to Ontarians. OHIP covers optometry services for children,

seniors and those who are granted eligibility for annual eye exams because they have been diagnosed with a specific disease, such as diabetes, cataract, retinal disease and other conditions. I would also like for the committee to know that optometry has only had two nominal funding fee-for-service agreements since 1989. Consequently, in Ontario, our fees are the lowest in the country by a large margin, and they are about half the rate at which our ophthalmological colleagues get to perform essentially the same service. In fact, the differences between optometry services and the equivalent provided by physicians will often mean the optometrist will have to do more for about half the cost.

Further, a study from a few years ago concluded that it cost an optometrist significantly more to deliver a comprehensive eye exam than the fee paid by OHIP. Yet, optometrists, committed to patients, have continued to provide eye examinations for those eligible for public coverage, often at a loss. However, I must admit that, with each passing year, this is getting harder and harder for our members to continue.

We recognize that Ontario is facing a significant fiscal challenge, one that requires it to contain growth in health care spending. I believe that the public knows that too. I don't believe the public would welcome any attempt to balance the budget by lowering spending in the short term in a way that results in poorer patient care, longer wait times and a sicker population.

Instead, the public—our patients—are expecting the government to continually improve the way it invests health care resources on their behalf, to apply creativity, ingenuity and hard work for the sake of bringing solutions to the very real challenges we face in health care. This means, in many areas of health care, a need for innovation in how we deliver services and who is delivering those services, with an eye on ensuring how we can achieve maximum value for every dollar spent.

We think that there are significant opportunities to do this in eye health through targeted investments that ensure that patients are truly getting the right care by the right provider at the right time. The Ontario Association of Optometrists is committed to working with government to improve eye health and vision care, and to do so on a cost-effective basis.

We believe that Ontario optometrists should be seen as part of the solution. We also have the training, skills and expertise to diagnose and treat many eye health and vision problems. We are accessible and available in virtually every Ontario community, large and small, and we have a cost-effective option to offer. We believe optometrists can be the primary eye care provider in Ontario. We are on the front line of eye health and vision care and gatekeepers to specialists for complex care. What we are not, though, is being used fully to our ability, and it's a shame, particularly in light of the very real need that exists. Ontario is facing a significant care gap in eye health and vision care, which is already impacting patient outcomes and health system performance. The gap will only get wider as the population continues to grow and gets older.

1520

Let me give you just a few examples of how the care gap is widening.

The Canadian National Institute for the Blind and the Canadian Ophthalmological Society estimated that the total direct cost of vision loss in Ontario is $3.9 billion and the indirect cost representing an additional $3.2 billion.

In 2013-14, there were some 80,000 emergency visits for uncomplicated eye conditions that could have been easily treated by an optometrist. These avoidable emergency room visits are estimated to be costing the system more than $10.8 million a year, and this is before you include the fees paid to the physicians providing the service.

People with diabetes are also at a significant risk for eye complications, including vision loss due to diabetic retinopathy, yet nearly half of the 1.2 million Ontarians with diabetes do not receive an annual eye exam. This is a real tragedy, as a great deal can be done if these issues are identified early enough.

Some 25% of Ontario children have problems with their vision, yet 86% of children under six did not receive a comprehensive eye examination in 2013, so really just a small percentage of children have gotten an exam.

It currently costs Ontario $1.2 billion a year to treat wet age-related macular degeneration. With better access to primary eye health care, it is possible to significantly reduce the number of people requiring costly treatments for this serious eye disease.

By the age of 65, approximately one in three Ontarians will have some form of eye disease; while one in nine people will develop irreversible vision loss by 65. Visual impairment has been shown to double the risk of falls and quadruple the risk of hip fractures. As well, people with vision loss are admitted to long-term-care homes typically three years earlier than those without vision loss.

So as you can see, there is a significant care gap out there in the community, a care gap that is contributing to avoidable vision loss and higher overall health costs and social costs. Our work has led us to conclude that Ontario can't expect to meet the needs of future patients unless they take action today to improve the way that eye health is delivered, with a commitment to quality, access and cost-effectiveness.

Last year, the Ontario Association of Optometrists undertook a major research and consultative process on the future of eye health and vision care in Ontario. The result of that work is a white paper which we will be releasing in just a few short months. We argue that change is needed to better access high-quality eye care services for Ontarians and to ensure that this is being done on a cost-effective basis, taking full advantage of the full range of providers currently engaged in eye health.

The white paper will contain comprehensive recommendations to address that care gap cost-effectively, with strategic investments intended to strengthen optometrists as the primary eye care provider for Ontarians. By embracing a more strategic vision for deploying Ontario optometrists in eye health, one which places optometrists as the primary eye care provider, Ontario could deliver those services more quickly and at a lower cost to the system.

We must find a new way to deliver eye care in Ontario so that people are getting the care they need, when they need it. We have been working hard to find solutions; solutions that recognize the need to address the care gap within Ontario's difficult fiscal framework. While those solutions do require targeted investments in optometric services, they will be shown to be cost-effective by shifting care, when appropriate, from higher-cost providers and hospital care, as well as proactively reducing preventable vision loss.

We look forward to the opportunity to share with the members of this committee, and indeed all members of the Legislature, our findings and recommendations for change. In the interim, as you consider the upcoming budget, we would like you to keep in mind the importance of optometric services to the eye health of Ontarians today, as well as the opportunity to enhance those services by placing optometry as the primary care provider as a means to address the growing care gap that faces us in the future.

Again, thank you for the opportunity to present today. We'd be pleased to address any questions you might have.

The Chair (Ms. Soo Wong): Thank you very much, Dr. Khan. I'm going to turn to Mr. Milczyn to ask you some questions.

Dr. Farooq Khan: Sure. Thank you.

Mr. Peter Z. Milczyn: Thank you. Good afternoon, Dr. Khan.

Dr. Farooq Khan: Good afternoon.

Mr. Peter Z. Milczyn: Thank you for an excellent presentation, with a lot of information in it. I'm just wondering if perhaps it's one of those areas where there's not enough discussion. We discuss other aspects of the health care system a great deal, and it leads me to thinking that there might not be enough information out there, even among the general public, about the services that are in fact covered by the government now.

You touched upon one really good program, Eye See...Eye Learn, which is a partnership between the province and your profession targeting very young children. Is that program well advertised? Do people really know about it? My daughter is in kindergarten, and, through the schools, I have not heard about it.

Dr. Farooq Khan: That's always the challenge: There are these wonderful programs, and getting the word out there so that people know they are available. We market it mostly through the schools themselves. That's the way that it has been rolling out. The program has been in existence for a number of years now. We're getting better uptake, but it's always a challenge to make Ontarians aware of these programs, for sure.

Mr. Peter Z. Milczyn: So we have the Eye See...Eye Learn program, and occasional eye exams for children and young people are covered by OHIP. I'm wondering whether it's a similar situation that parents don't actually know enough that this service is covered by OHIP and it's something that should be done on a regular basis. Is your profession doing some kind of education program? Could the government assist maybe with some kind of education program to better inform Ontarians about the optometry services that are actually covered and available to everybody?

Dr. Farooq Khan: That would certainly be helpful, to have a partnership with the government to get the word out there to Ontarians of what eye care services are provided by optometrists. We continue, as an association, to put funding aside for advertising, but it's always hard to reach people and get that message out, and very costly. But we'd definitely be open to working with government to get the word out about the important services that optometrists provide Ontarians—because it's hard to shift patterns, right? A lot of people who have a red eye or have a problem will go immediately to their physician without thinking, "I can go to my optometrist," or they'll end up going to the emergency when they can go to their optometrist for the same care.

Mr. Peter Z. Milczyn: I know you've participated in the Eye Health Council of Ontario. From that, there are recommendations that have gone on to the ministry about improving access to services, streamlining how eye care is delivered in the province. Are you hopeful about what the ministry's response might be to that?

Dr. Farooq Khan: Absolutely. I mean, EHCO has been wonderful in terms of ophthalmology and optometry working together with other health care providers to make them aware of guidelines, of care for patients with diabetes, with macular degeneration, for example, and a more streamlined use of resources. Again, the hard thing is getting the word out there to physicians and other health care providers to change their habits and patterns of referral.

Mr. Peter Z. Milczyn: And your profession's scope of practice has also been expanded, so you have received the right to prescribe medications. Again, I'm wondering, is that really well known in the public?

Dr. Farooq Khan: No, I don't think so at all. In 2011, we were, as you mentioned, granted the opportunity to prescribed therapeutics to the population in Ontario here, and it's a wonderful thing. But, again, I don't think many people know that those services are available.

Mr. Peter Z. Milczyn: So notwithstanding the general financial pressures that the health care system is under and the challenges the government has, we do have great programs. We just need to educate the public better about what is available to them. Could the public health units throughout the province assist with that?

Dr. Farooq Khan: Yes, it's certainly something we could look into, working with them. That's one part.

There are certainly good programs available, and we need to let Ontarians know what services are provided by optometrists.

The other thing is just changing habits. Instead of patients bouncing from a physician's office or an urgent care office and then being referred to a high-care-cost provider like an ophthalmologist, really, if you do the one stop at an optometrist, the majority of things can be taken care of there. So we're trying to shift patterns, instead of people going directly to an emergency department with a simple case that could be addressed by an optometrist.

The Chair (Ms. Soo Wong): Dr. Khan, thank you very much for your presentation and your written submission.

Dr. Farooq Khan: Thank you. I appreciate that.

PROSTATE CANCER CANADA

The Chair (Ms. Soo Wong): The next presenter is Prostate Cancer Canada and Rocco Rossi. Mr. Rossi, welcome. The Clerk has handouts for everybody. It's good to see you again, Rocco.

Mr. Rocco Rossi: A great pleasure, Madam Chair. C'est un très grand plaisir, comme toujours.

The Chair (Ms. Soo Wong): Yes. You know you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questioning will be coming from the official opposition party, and you may begin any time. For Hansard purposes, can you please identify yourself for the committee? Thank you.

1530

Mr. Rocco Rossi: Certainly. My name is Rocco Rossi, and I'm president and CEO of Prostate Cancer Canada. Again, thank you, Madam Chair and committee members, for giving us this opportunity to present to you. You have the written submission available to you and we also have a highlight chart, so I'm not going to read through either. I'm just going to focus on a couple of key points and then open it to questions.

I'm going to start with an observation, which is that just a few weeks ago, one of Ontario's brightest lights, Dr. Laurence Klotz, of Sunnybrook hospital, was inducted into the Order of Canada, the highest award that this country gives to its citizens. He was given this award primarily on the basis, as the award says, of the work that he has done in active surveillance.

Dr. Klotz has been a global leader in pointing out how best to triage prostate cancer patients, starting with PSA testing—and understanding that PSA testing is not a perfect test. It can lead to false positives, and it doesn't distinguish definitively, even with biopsy, between low-risk and high-risk prostate cancer tumours. Therefore, the better part of science in clinical practice is to watch, in many cases, and to test on an ongoing basis, but to not put a man through surgery or radiation or hormone replacement if it's not necessary.

In fact, because of Dr. Klotz's work, Canada is the world-leading jurisdiction. Over half of the men diagnosed with prostate cancer in Canada are currently on active surveillance. It's very different in the US, where fewer than 12% go on to active surveillance. The system essentially goes from testing to treatment, and it's both a huge cost to the system and an incredible tragedy for the men who are put through treatment unnecessarily.

Eight out of 10 provinces, understanding that we now have an effective triaging system that uses this information appropriately, pay for PSA testing for all men, asymptomatic and symptomatic. Ontario and BC are the last two jurisdictions in Canada that only pay for symptomatic men. Basically, you have to already have prostate cancer or have extensive symptoms—and sadly, they only happen very late in the disease—before the province will pay for a test that men are now required, in this province and in British Columbia, to fork over $30 for, or up to $50 in some cases, to get this test. We think that's both unfair and short-sighted.

We recognize that there's a national task force that has recently come out and said, "You know what? We shouldn't do PSA testing at all. It causes more harm than good because of this overtreatment issue." Unfortunately, this panel only looked at the US data and had no one on the panel who was a urologist or an expert in prostate cancer. They had some family physicians, and they had a group of statisticians and epidemiologists, who didn't have the benefit—and chose not to, for fear of prejudicing themselves—of talking to actual prostate cancer specialists, who would have told them that Canada is not the US, and that thanks to Dr. Klotz and others, we do have a very sophisticated triaging method which ensures that we're not overtreating men.

Can we get better? Absolutely. But let's understand something: 4,000 men will still die of prostate cancer in this country this year, 1,500 of them in Ontario alone. That compares to 5,000 women in Canada who will tragically die of breast cancer, some 1,750 here in Ontario. The age distribution of those two cohorts is virtually the same, yet we fully pay in this province for mammograms, a test that also has false positives but that people understand still gives key information that, used appropriately, saves lives.

Unfortunately, we men are our own worst enemies. Women are so much smarter than we are. Guys, when it comes to health—

Ms. Ann Hoggarth: We agree.

The Chair (Ms. Soo Wong): No comment.

Mr. Rocco Rossi: I'd be quoted on that every day, and it makes my wife very happy to hear it. But men, when it comes to their health, don't want to talk about health, do not want to go to the doctor, and when it comes to health below the waist, if we ain't bragging, we ain't talking about it. So guys are dying and suffering unnecessarily, and unfortunately the decision on the part of the Ontario government not to pay for PSA testing is a further reinforcement of this because it's not even the 30 bucks. Let's be clear: to government, the wholesale cost of that would probably be about $10. It's not the 30 bucks; it's the psychological message you send to men. When you say, "It's not covered by OHIP," it tells a guy,

"That means the test is optional, so as a guy, I'm going to do what guys do, which is not be tested, and I can tell my wife, my spouse, 'Don't worry, honey; OHIP doesn't pay for it; it's not important.'" And men die because of this.

Only 20 years ago—pre-PSA—the mortality rates for prostate cancer in North America were 40% higher than today. So while the tragedy of 4,000 deaths this year is horrendous, if we had the same mortality rate as just 20 years ago, 6,500 men would die in Canada of prostate cancer—2,500 additional dads, brothers, sons, husbands, friends, colleagues would die unnecessarily. So I believe it's well past time for Ontario, which has been a leader in the research with respect to prostate cancer in this country, to send a very strong message: "Yes, we're working on better tests, but we are not going to aid the stupidity of men in avoiding testing. We're going to pay for PSA testing."

We at Prostate Cancer Canada are not calling for universal screening of all men every year, because we understand the clinical reality and we also understand the fiscal realities faced by the government. What clinical practice and research show us is that men should have a baseline test at age 40, and, based on that result and other risk factors—whether it's in your family; whether you're from Afro-Caribbean heritage, which makes you at greater risk than Caucasians—then with the doctor you can determine how often that needs to be repeated. In many of the cases it only would need to be repeated every five years. But if you have a high PSA test at age 40, it's an independent risk factor and it really suggests the need to monitor that patient.

Early detection has saved 40% of people previously dying from prostate cancer. We need to reduce that number to zero, and we can with this initiative. Thank you very much.

The Chair (Ms. Soo Wong): Thank you very much. Mr. Fedeli, you want to begin the questioning?

Mr. Victor Fedeli: Welcome, Rocco. It's nice to see you again today.

Mr. Rocco Rossi: It's a pleasure, sir.

Mr. Victor Fedeli: This one brochure that you have: I would highly recommend you leave the Clerk 107 of them, for every MPP. It's just a great synopsis. To repeat some of the things you said leads to my question: It's the most common type of cancer found in men today; 4,000 men are going to die each year; it's a simple blood test; one in eight Canadian men will be diagnosed with prostate cancer. Ontario is already paying for other cancer testing, including breast cancer and colorectal. It leads me to my question: If you do a baseline test at 40 and from there you can make a judgement with your physician on where to go from there, what do you estimate the cost to be on an annual basis, Rocco? Do you have a number?

Mr. Rocco Rossi: Look: If you were to do every single man at age 40, and let's assume the $30 price, which is not what government would be paying, you're talking about $2.5 million. Clearly, you're already testing some. Not every man will come. Despite our best efforts, it's not going to happen. And you actually will end up doing smart screening in a better way than any other province because you're not going to do it on a universal basis; you're going to say, "We're going to pay baseline and then have this discussion." So we're talking well sub-$5 million or sub-$6 million, all-in.

1540

Just as a comparison, for those 1,500 Ontario men who died last year of prostate cancer, for one year of androgen deprivation therapy, which is typical late-stage metastatic cancer treatment in Ontario, just the drugs alone are $20,000—just the drugs. When you go all-in, plus the cost to the family and the cost to the economy, it's enormous.

We're talking about single-digit millions to both save lives and, I think, save significant dollars to the health care system in the long term.

Mr. Victor Fedeli: Rocco, would you recommend that every man 40 years and over today go and get this, whether it costs them or not?

Mr. Rocco Rossi: One hundred per cent, if they've not had it. It's best if done in conjunction with the physical test. Unfortunately, that freaks out guys even more, when you start talking about the finger in the bum, the digital rectal exam. They're the three words most likely to put a man into the fetal position, which is fortunate, because it's a very good position to have the test run.

Mr. Victor Fedeli: It's the glove snap, for me.

Mr. Rocco Rossi: Yes, it's the glove snap.

Together, that's the most powerful combination. But at the very least, a simple blood test—it's the same blood as when you draw it for cholesterol tests etc. It's a matter of ticking off a box by the doctor. Done in conjunction with other blood testing, again, that price can be driven down significantly.

Mr. Victor Fedeli: I go for a physical every year or so, and you get the sheet with all the boxes that the doctor ticks off. What you're saying is that right now they're not ticking that box off? Because I don't remember ever having to pay anything anywhere.

Mr. Rocco Rossi: Yes. In Ontario, if you are "asymptomatic," the doctor technically shouldn't be ticking the box for a PSA test. If you are symptomatic, they will, but again, you're now late down the chute and the benefits of early detection are largely lost at that stage. All it takes is, as in eight of the other provinces, to ask that the doctor do that.

Again, it does not have to be every year, but it gives a baseline, because it's not simply the one score which is indicative for the doctor. It's really a trend line over time. If a man does come to the doctor and he's 55 and has a PSA test at that point, a score of 2 will mean a certain thing to the doctor, but if the doctor knew that at age 40 it was 2 or 1.8, it would be very different than if he knew that at age 40 the score was 0.2. In an information age, a decision to not provide key information that can save lives just confounds us tremendously.

Mr. Victor Fedeli: In the meantime, while we wait, your advice is to go and get it done?

Mr. Rocco Rossi: Absolutely. Go and get it done. We're encouraging every single man to do that. In fact, we very often have, and will continue to have, free clinics in hopes of the government one day deciding that this isn't something that should be paid for by charity; it's something that should be paid for by the taxpayer.

The Chair (Ms. Soo Wong): Thank you, Mr. Rossi, for your presentation and your written submission.

Mr. Rocco Rossi: Thank you very much.

ENBRIDGE GAS DISTRIBUTION INC.

The Chair (Ms. Soo Wong): The next presenter is Enbridge Gas Distribution Inc. I believe it's Jamie Milner, vice-president of market development and customer care. I think there's a handout, and the Clerk will pick it up.

Mr. Milner, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be coming from the third party. You may begin at any time. Please identify yourself and your position with Enbridge for the purposes of Hansard. Thank you.

Mr. Jamie Milner: Thank you, Madam Chair. My name is Jamie Milner and I'm the vice-president of market development and customer care at Enbridge. It's a pleasure and an honour to be here.

First of all, we know that not everybody has an opportunity to speak directly to you, so I'm going to take care to focus my remarks. Enbridge's priorities have remained consistent over quite a few years, and our conversations that we've had with the government and other stakeholders have been largely characterized in the long-term energy plan. However, today, I'm going to focus just on one of the priorities, and that is that we think the government should move quickly on expanding access to natural gas.

The expansion of natural gas is a significant opportunity for the province and is of benefit to all Ontarians. Increased access to natural gas will provide more Ontarians with reliable, abundant, affordable and flexible energy, which will unlock significant economic value and thrust the province forward as a place for new industry investment and development. I'm going to really get into why that is in a minute.

But I'd really like to thank the government for their recognition of the need to expand natural gas infrastructure. In the past year, we have been pleased to hear that the government supports this opportunity and acknowledge that Ontarians deserve a more affordable cost of living, and access to natural gas will provide the much-needed economic stimulus for small businesses and families, as well as the agricultural, industrial and commercial sectors.

How can natural gas continue to help Ontario overcome the economic and environmental challenges it faces? Well, natural gas is clean, affordable and a reliable energy option.

Natural gas is clean. It's cleaner than traditional coal-fired electricity or home heating oil. As a transportation fuel, it's cleaner than diesel or gasoline, and especially in the heat of summer, natural gas is a clean alternative that helps to reduce smog.

Natural gas is also affordable. Many of us in this room already enjoy those benefits and are paying much less to heat their homes than rural residents. As a transportation fuel, it's 28% to 40% less expensive than traditional fuels, such as diesel and gasoline, and it's beneficial in reducing GHGs and other emissions as well. When you look at large trucks, there is no other alternative. There's no electric alternative to reducing those GHGs.

And natural gas is reliable. Unlike the electricity system—and most of us will remember the ice storm last year—natural gas outages are very rare. In fact, in Ontario, the gas system has never experienced a major outage.

We're not alone in our desire to unlock the benefits that I've mentioned. Many jurisdictions have already realized the value of natural gas. Many have moved forward to revitalize their local economies. Natural gas has been cited as a driver of Ontario's economic growth and competitiveness. Really, what has changed is the abundance and the affordability of the fuel. That's really where it is positioned to attract new investments and to help local economies.

The reality is this: Ontario has suffered from high energy costs. From 2004 to 2011, Canada lost more than 300,000 manufacturing jobs, with Ontario accounting for two thirds of these losses. Access to natural gas can help reverse this trend.

Due to the lack of infrastructure, only a very small percentage of rural communities have natural gas, meaning thousands of rural families and businesses rely on more expensive options, such as oil, propane or electricity for energy.

What does having natural gas mean to these smaller, rural communities? It means improved competitiveness. It means more jobs. These communities are struggling due to lack of employment and high energy costs impacting the quality of life and impeding and limiting local contributions back into the community.

Providing affordable energy not only helps families save money, but municipalities will be able to leverage their new natural gas service to attract those jobs and attract investment. Combined with Union Gas, we believe that if we reach 40,000 to 50,000 new customers, approximately $80 million in annual energy savings could be put back into the local Ontario economy as a result of natural gas expansion.

Natural gas is a stable fuel source. One of the key benefits to increased expansion and utilization of natural gas is that North American natural gas prices are among the lowest in the world and, it's expected that with the current supply and reserves, will remain lower than any other alternative energy source well beyond 2025.

1550

Unfortunately, small communities are unable to pay the full cost for the natural gas infrastructure. Without financial support and the removal of the regulatory constraints, these Ontarians are not able to take advantage of the benefits.

It's not that they haven't asked. Many towns and municipalities in the province have expressed interest in finding ways to connect their communities to natural gas. Just recently, Mayor Michael Donohue of the township of Admaston/Bromley voiced his desire for Enbridge to expand its pipeline to his township. Admaston/Bromley has a large agriculture industry, and access to natural gas is essential for this sector to remain competitive in the global marketplace.

Fernand Dicaire, mayor of the township of Alfred and Plantagenet, has on many occasions contacted Enbridge. He has been actively requesting further extensions to Enbridge's natural gas pipeline to service the village of Lefaivre and an extension to the village of Curran. There are many private commercial and agricultural businesses, a seniors' home, a community hall, a public works garage, a library and many private residences that would benefit from natural gas in Lefaivre, as would any of these other communities.

A major water treatment plant services the communities of Lefaivre, Alfred, Plantagenet and the village of St. Isidore in the Nation Municipality. They have recently retrofitted the heating system from electricity to propane in anticipation of natural gas coming with the expectation they will be able to reduce their heating costs.

Simply put, communities with access can leverage their natural gas advantage. This is a significant benefit that helps them to lure other industry to their towns and their communities.

These are just a couple of examples. There are over 40 communities with populations of 500 or more that could benefit from new natural gas infrastructure. We've included a number of additional requests as part of the addendum to my speaking notes. You'll see there's a number of towns and communities that have requested expansion of natural gas.

The province, municipalities and First Nations will all benefit from expanding access to natural gas, but I'll let the numbers speak for themselves. First, natural gas is not only more affordable, but the capital investment to expand the pipeline is lower than other alternatives.

Statistics Canada reports that total household spending on natural gas has declined from just under $8 billion in 2008 to just under $6 billion in 2012. That is reflective of the lower costs for gas, and it's good news for Canadians. Then contrast this against electricity spending, which has increased significantly since 2008. Canadians were spending $15.5 billion in 2008, and in 2012, that has almost doubled to a staggering $22.3 billion.

With natural gas, homeowners would save about 60% on their energy bill. That's about $1,700 each year for the average person in their energy costs. Mid-sized commercial businesses would see about $15,000 in annual savings.

New business development that can come from natural gas will create jobs, benefiting local communities, contractors and suppliers. Approximately $80 million in annual energy savings will be reinvested into local economies with the connection of those 40,000 to 50,000 customers.

Lastly, increasing electricity costs makes Ontario less competitive with our neighbours. Many of Ontario's competing jurisdictions south of the border are already utilizing natural gas and have programs to revitalize their manufacturing sectors. Those are states like Michigan, Ohio, Pennsylvania and New York.

While the province has significant natural gas infrastructure through both Enbridge and Union Gas, we are asking the government to support expansion to these underserviced towns and villages through some of the means the Premier has referenced during the past year: the provision of a two-year $200-million natural gas access loan, as well as through a natural gas economic development grant. We are looking forward to working with you to examine options on how to meet the energy needs of these communities.

Thank you.

The Chair (Ms. Soo Wong): Okay. Thank you, Mr. Milner. Ms. Fife, do you want to ask a question?

Ms. Catherine Fife: Thank you very much, Jamie, for coming and for sharing the numbers. That's the important part about this as well. With every year, the call for expanding natural gas infrastructure grows stronger, I think.

We did have some assurance last year from this government that infrastructure for natural gas would be forthcoming, and just yesterday, the Ontario Federation of Agriculture came in. They were very kind. They said, "We really appreciate the words from last year, but we have not seen any action on it." I want you to talk about that, please.

Mr. Jamie Milner: First of all, we're very encouraged that the government is listening, but we would also like to see the next step taken.

Ms. Catherine Fife: Yes. So this ask that you are putting on the table here is $200 million for infrastructure. What was last year's? Do you remember?

Mr. Jamie Milner: First of all, the $200 million is a loan that we're asking for.

Ms. Catherine Fife: It's a loan. Yes. That's important.

Mr. Jamie Milner: That was the ask, and that's what is before the government today.

Ms. Catherine Fife: So that was last year's ask as well?

Mr. Jamie Milner: Yes.

Ms. Catherine Fife: So it's a listening loan; it's a listening loan for right now.

I was talking to a farmer on the weekend. His energy bills are off the charts. In fact, it's becoming more and more difficult to be sustainable. On that one file, because the farmers are becoming huge advocates for natural gas,

you estimate that natural gas home owners would save about 60% on their bills. Do you have any sense about what it would mean for the agri-food business?

Mr. Jamie Milner: It's the same ratio.

Ms. Catherine Fife: The same ratio.

Mr. Jamie Milner: It's 60% of their energy bills, and it's not only in heating, but it's in process and transportation.

Ms. Catherine Fife: Okay. Aside from the $200-million loan and the goodwill, you are also asking for the removal of some regulatory constraints. Do you want to talk about that a little bit?

Mr. Jamie Milner: Just briefly: The regulatory constraints don't allow us to supply gas to areas that are unfeasible, and there is a very small amount that's allowed for cross-subsidization as long as the whole portfolio is positive. We're just asking for the Ontario Energy Board, or the government to direct them to help relax those restrictions to allow us to use the portfolio that we have.

Ms. Catherine Fife: So you're asking a lot for the Ontario Energy Board to relax, but I understand what you mean. You want some flexibility for these regulatory constraints to be lifted a little bit so that you can put the infrastructure in place.

Mr. Jamie Milner: Yes.

Ms. Catherine Fife: It was a very good presentation. I hope that you're not here again next year asking for the same things because I think that you've made a strong case. Thank you very much for coming in here today.

The Chair (Ms. Soo Wong): Thank you very much, Mr. Milner, and thank you for your written submission as well.

INTERIOR SYSTEMS CONTRACTORS ASSOCIATION OF ONTARIO

The Chair (Ms. Soo Wong): The next presenter is the Interior Systems Contractors Association of Ontario, Mr. Koller. Welcome. As you heard, you have 10 minutes for your presentation followed by five minutes of questioning, and this round is coming from the government side. Please identify yourself and your position with your association for the purposes of Hansard. Thank you.

Mr. Jeff Koller: Thank you, Madam Chair, and members of the committee. My name is Jeff Koller. I'm the government relations coordinator with the Interior Systems Contractors Association of Ontario, but I think it's fair to say that I'm here representing the urgent needs of a large segment of the construction industry.

Thank you for the opportunity to address you today on something that we consider to be of critical importance to the construction industry, which is the issue of prompt payment. What does that mean? It means getting paid for work that you've done within 30 days of doing it, so a month after construction work is completed. That's what prompt payment envisions.

Right now, you have a situation where contractors are doing work, and they're not getting paid for months afterwards. Ninety to 120 days has become common. The problem is growing, and it's becoming almost epidemic.

The construction industry is widely acknowledged as one of the primary drivers of economic growth: 434,000 Ontarians earn their living from the construction industry. That represents about 6.4% of the workforce in Ontario. Yet all too often, construction contractors are made to wait unreasonable times to get paid for work that they have done. They still have their own obligations to pay their employees, remit income tax deductions to the government, pay Workplace Safety Insurance Board premiums, employer health tax premiums and health and welfare benefit plan contributions.

As an example of how bad the situation is, our association, which is one of many, many construction employer associations in the province, has a member contractor. We asked them approximately a year ago how big their accounts receivable was. This was a residential contractor. That contractor replied $7.6 million, of which $6 million was more than 128 days past due. That's a lot of money for any company, any size.

1600

I would invite all of you to ask yourselves what would happen if you didn't pay for your utility bills or your TV or telephone bills for four months or longer. You'd probably get cut off.

This is unfair, and it creates a serious imbalance that undermines the liquidity of employers and their ability to help drive the economic growth of our province. All of the financial risk is transferred from owner-developers, those who stand to profit and gain the most from a development, to those who can least afford it and stand to gain the least from construction, those being the contractors.

I'd like you to imagine a pyramid. At the top of a pyramid you have owner-developers, who control the money for a project. Below them are general contractors, who then further hire out the trade contractors and subcontractors who do the work. As that pyramid widens toward the base, those are the people who aren't getting paid for months at a time.

Construction is a little bit unique in how people working in the industry get paid. The existing inequity imperils employment and apprenticeship growth and inhibits the ability of small and medium-sized family-owned businesses to invest in machinery and equipment, as well as bid on additional work and grow their business, which in turn means fewer jobs are created and slower economic growth for the province.

Furthermore, there is absolutely no penalty for a developer who chooses not to pay his bills on time. The contractor who stops work in protest is more likely to be held liable for breach of contract.

It's a common misconception that the EllisDons or the PCLs of the world with the big signs, the big construction projects and 300 people on the construction site—the misconception is that they're all direct employees of that large general contractor. In actual fact, a relatively small percentage is probably direct employees in most cases.

You'll have your site superintendent, and all then all the various trade and subcontractors below who are actually doing the work, such as plumbing, electrical, finishing work and masonry. All of those contractors are the ones who aren't getting paid for the work that they've done.

Another myth that became apparent the previous spring, when a private member's bill sponsored by Stephen Del Duca made it as far as committee hearings, was that prompt payment will actually raise the cost of public sector construction work. There were various municipalities and school boards that brought that forth and perpetuated that myth.

The reality is that delinquent payment drives up those costs for two reasons. Contractors (a) have to build the risk of delinquent payment into the bids that they submit for work, and (b) as cash flow is stretched ever more thinly, the pool of qualified bidders shrinks. You've got a lot of qualified contractors who are unable to bid for new work because all of their cash flow is tied up in existing projects.

I'd like to talk for a moment about other jurisdictions. We essentially stand alone in the civilized world in not having prompt payment legislation in place. The US federal government and 49 US states have prompt payment legislation for public sector work, and 31 US states have it in place for private sector work. The United Kingdom, Ireland, all the countries in the European Union have prompt payment legislation—and New Zealand and Australia. Some have had it for 10 or 20 years or more.

This government, in the spring of 2014, set aside consideration of the aforementioned private member's bill, Bill 69, which was entitled prompt payment for the construction industry, in favour of an independent review of the Construction Lien Act. That is entirely an inappropriate means to correct the imbalance that exists in construction today.

First, the lien act is an entirely different thing than prompt payment. It addresses non-payment as opposed to delinquent payment. What we are asking for is far simpler: to require the purchasers of construction to pay their bills within 30 days of that work being finished.

Second, there have been many attempts to reform the Construction Lien Act almost since its inception, and there has been no meaningful reform of the Construction Lien Act ever.

Third, the original announcement promised results by the end of 2014 and, as of today, there has been no chair of the review named, there have been no parameters or guidelines that have been established, and there has been no decision or determination of who would be allowed to provide expert testimony or provide input to that review.

In 2010-11, the Ontario Labour Relations Board dealt with 952 construction industry grievances, and that number rose to 968 in 2011-12. Approximately 40% of those grievances are related to delinquent payments and, if I can quote from their annual report, related to an "alleged failure by employers to make required contributions to health and welfare, pension and vacation funds ... and alleged violation of the subcontracting and hiring arrangements." That was page 16 of the OLRB annual report for 2010-11.

The budget for the Labour Relations Board in 2010-11 was $12,638,900. In 2011-12, that rose to $13,458,600. Imagine those taxpayer costs being substantially reduced, or eliminated altogether, if we had prompt payment legislation in place.

I'd ask you to consider that it costs nearly $200,000 annually in legal fees and court filing costs for one benefit and pension trust fund to chase down delinquent payments by contractors, and it's not even really the contractors' fault, because they're not getting paid. Now multiply that by a dozen or a hundred different pension trust funds across the province, and you see some of the costs that are incurred by the industry.

We therefore implore the provincial government to demonstrate leadership by committing itself to passing legislation that would require all purchasers of construction to pay for completed construction work within 30 days. This would include the provincial government itself, municipalities and school boards, and private sector purchasers of construction. On projects of longer duration, you have something called progress payments, which would be required every 30 days. It helps keep the cash flow going for those who are doing the work, so that they can pay their employees.

The spirit and intent of such legislation would not be to allow frivolous work stoppages, but it would give contractors the flexibility and freedom to make business decisions about stopping work on a project when they're not being paid, without being liable for breach of contract. No respectable contractor would ever stop working, so long as he or she is being paid for the work they do, nor should any legislation condone or endorse demobilization for frivolous reasons. All it would do is empower a contractor, as I said, to make a business decision.

Ladies and gentlemen, this is common sense. It is the morally right thing to do, and it is absolutely imperative for the construction industry and the good of the economy. We implore the members of this committee to consider this carefully and make an appropriate recommendation to the government. Your committee is considering ways to improve the economy, and we believe that this would go a long way toward ensuring that existing jobs are preserved, new jobs are created and investment in apprenticeship training is made. Ultimately, this government would receive more tax revenue, because more people would be able to pay their taxes.

Thank you.

The Chair (Ms. Soo Wong): Thank you very much.

Mr. Milczyn, do you want to begin the questioning?

Mr. Peter Z. Milczyn: Thank you, Mr. Koller, for your presentation on a very important issue. I appreciate you bringing this to our attention today.

I wasn't at the Legislature when Minister Del Duca, then-MPP Del Duca, brought forward his private member's bill, so I'm not sure how that was working its way through. But certainly from my time at the city of Toron-

to, I am aware of the municipal arguments against prompt payment. To an extent, it went like this: In some cases, it can take the ability away from the owner of the property, the building, or whatever, to have that dialogue about work that's not being done properly, and that it might impede the ability to resolve disputes about quality of work and timeliness and so on. What would be your response to those concerns?

Mr. Jeff Koller: Very simply, sir, I think you're talking about deficiencies in work, and holdbacks that would be reserved for that. If the work isn't done to satisfaction, you don't certify it as being complete and you don't pay.

Mr. Peter Z. Milczyn: But that's the nub of many a dispute between a contractor and an owner.

1610

Mr. Jeff Koller: What prompt payment envisions is, work that has been certified as being complete, you get paid for it. It's that simple. It's the project owner that certifies it or they delegate or designate someone to certify it as being complete.

Mr. Peter Z. Milczyn: Okay. Your presentation is that the public sector is just as bad or just as good as the private sector is in terms of paying their construction progress payments on time.

Mr. Jeff Koller: Yes. At committee hearings, the committee heard that various different representatives of municipalities and school boards say, "Well, this isn't a problem that we encounter; we pay our bills promptly." I can tell you that the entire industry essentially would disagree with that statement.

Mr. Peter Z. Milczyn: I would concur with you on that. So your contention is that in terms of certainly the public sector, prompt payment legislation would have no impact on overall construction costs and might actually have some modest savings?

Mr. Jeff Koller: Yes. It would be beneficial if legislation provided that contractors got paid for work that they've done within 30 days. They wouldn't have to build that risk of delinquent payment into their bids, so that would lower the cost of public sector construction work. Also, you'd have a larger pool of qualified bidders because you'd have contractors that don't have all their cash flow tied up in one project who are anticipating not being paid for four months and therefore they're able to bid on other work. You increase the pool of bidders and generally—you know, it's a market reaction—it tends to drive down the overall bidding.

Mr. Peter Z. Milczyn: The government's initiative to look at the Construction Lien Act—was that prompted by issues other than just the prompt payment debate or were there other aspects of the Construction Lien Act that have prompted the government to say, "We want to review it"?

Mr. Jeff Koller: There was a review done of the Construction Lien Act a few years ago after considerable efforts and lobbying by the industry. That review produced virtually negligible results in terms of meaningful reform. It's a complex piece of legislation that probably cannot be easily reformed. It would probably take years to do it properly. In the meantime, the issue of delinquent payment is threatening the solvency of a lot of small and medium-sized, family-owned construction contractors, which probably make up more than about 80% of the industry.

The Chair (Ms. Soo Wong): Okay, Mr. Koller. Thank you very much for your presentation and your written submission.

Mr. Jeff Koller: Thank you very much.

ONTARIO CAREGIVER COALITION

The Chair (Ms. Soo Wong): The next presenter is the Ontario Caregiver Coalition: Ms. Kathlene Willing.

Ladies, thank you and welcome. Good afternoon. As you heard earlier, you have 10 minutes for your presentation, followed by five minutes of questioning. This round of questions will be coming from the official opposition party. You may begin any time. When you begin, please identify yourselves as well as your position on the Ontario Caregiver Coalition for the purpose of Hansard.

Ms. Kathlene Willing: Thank you, Madam Chair and members of the committee.

Ms. Lisa Levin: I just wanted to introduce myself. I'm Lisa Levin. I'm the chair of the Ontario Caregiver Coalition. Kathlene is a caregiver.

Ms. Kathlene Willing: My name is Kathlene Willing and I'm a member of the Ontario Caregiver Coalition. I'm one of those caregivers who wanted very badly to take care of their husband at home, to provide the loving care he needed as he descended into dementia.

I felt I was handling the situation very well with some help from the CCAC, but by year 6, he was wandering and that amped up the stress level. Then, in year 7, I got hit with a stress bomb. I had a bout of vertigo, and the stress was just too much. I had no idea how I was going to cope with that, so I was forced to put him into long-term care and live without him at home.

I'm here on behalf of the coalition to ask the Standing Committee on Finance and Economic Affairs to consider supporting the crucial role that unpaid caregivers play in the long-term sustainability of our health care system, because their ability to continue in this role over time is directly related to the level of support they receive that meets their individual needs.

As the provincial advocacy body for unpaid caregivers, the OCC urges the committee to recognize that some of the changes made to the way our health system operates place added strain on unpaid caregivers. Without recognition of this and increased support to mitigate the strain, caregivers will move from being the backbone of our health system to the patients of it. I escaped being a patient.

It is well known now that the cost of health care in Ontario is growing at an alarming rate. We've been told that without a change in how health services are funded and delivered, health spending will consume more than

half of the provincial budget. To stem this, the focus in health care has been to increase efficiencies and reduce wait times by focusing on shifting care into the community and reducing the number of ALC days. With the rise of chronic conditions, this is a smart move. Our health system needs to transform to one that better supports people with chronic conditions. It is of benefit to the patient, to the care provider and to the acute sector to not have people waiting in the wrong place because another level of care is not available. The problem we've forgotten about is one person: the caregiver.

The shift to providing more complex care in the community and reducing the length of stay in hospital has depended upon the ability of unpaid caregivers to devote more of their time to caregiving. This system transformation is happening on the backs of caregivers, and we are not ensuring that they're properly supported to take on this extremely challenging role. We just assume they're going to be there. But what happens when they can't take it anymore? What happens when the stress of caregiving leads to illness and they become the patients? Then, what do we do?

The act of caregiving can be both rewarding and distressing. As a caregiver, you want to do what is best for the person you are caring for, but navigating our complex health system while trying to learn how to provide care for yourself is exhausting and stressful. If you're employed, have children, or some other role that demands your time, the process of caregiving is daunting. Without enough help, many caregivers aren't able to continue and as a result are forced, like me, to turn to long-term care. However, wait-lists are high, and as they wait, more and more caregivers are burning out. As a caregiver, the scarcity of services available to help and the lack of control you have over acquiring services leave you feeling lost and alone. And then, this just adds to the stress.

CCACs provide what they can with the funding they get through the LHINs, but there are two trends that are concerning. First of all, there is a lack of consistency in assessing services for lower-needs clients through their local CCACs. Clients who would have previously been eligible for services are no longer eligible as CCACs now provide care primarily for higher-needs clients. Increases in home care funding have not kept pace with the real need of people who are being sent home quicker and sicker.

Secondly, services are not available to support the full range of caregivers. For example, caregivers of seniors are receiving more recognition through funding than caregivers of people with other conditions, such as mental illness. Taking lessons learned from other jurisdictions in Canada, the use of a caregiver assessment and the implementation of caregiver benefits have proven useful in reducing the burden of care and showing value for money for governments.

For example, the implementation of a $400-a-month caregiver benefit for low-income caregivers has reduced the likelihood of long-term-care placements by 56% and saved the Nova Scotia government approximately $44 million since its implementation in 2009.

1620

The funding available for lower-needs clients and for the full spectrum of caregivers varies widely because funding formulae have not kept pace with population growth in some regions of the province. As a result, many clients are falling through the cracks and caregivers are bearing the burden. Funding across LHINs must be equitable and based on population growth in order to address the regional variation.

As part of the funding increase for the home and community care sector, we believe that development and implementation of a self- and/or family-directed respite care program would (1) increase the flexibility of services available to the full spectrum of unpaid caregivers, (2) ensure that people with lower care needs can still access care, and (3) increase the level of control that caregivers have over which services are delivered when, where, and how.

We urge the committee to follow up on commitments that were made in the 2014 budget to study the various models of self- and/or family-directed respite care and to begin implementing such a model on top of what is currently available through the CCACs.

Great work is already under way in Ontario in the following three areas: reducing preventable emergency department visits, reducing ALC days, and reducing wait times for long-term care. In order to achieve long-term success on these priorities, support for unpaid caregivers is crucial. By providing care in the home, caregivers make a major contribution to Ontario's health care system by saving the system millions of dollars. However, with more support, caregivers can help our health system remain viable and help keep people at home where they want to be.

We know that the health system cannot continue on its current path. As the provincial advocacy body for unpaid caregivers, we look forward to working with you as we move toward a health system that values the support provided by unpaid caregivers. OCC would be pleased to meet with members of the committee to discuss our concerns and recommendations for change. Thank you.

The Chair (Ms. Soo Wong): Thank you very much for your presentation. Mr. Arnott, do you want to begin the questioning?

Mr. Ted Arnott: Thank you very much, Madam Chair, and thank you for your presentation. It was excellent.

We're nearing the completion of two weeks of public hearings. Most of us have been involved in the committee for a few days. I thought your presentation really stands out for the effective presentation of your ideas, and I want to thank you very much for that.

Ms. Kathlene Willing: Thank you very much.

Mr. Ted Arnott: What would we do without our caregivers? What would happen to the province of Ontario's health care system? It would just be absolutely swamped, and it couldn't withstand the demands.

Ms. Kathlene Willing: Yes, exactly.

Mr. Ted Arnott: We have to acknowledge that and express our appreciation to your members. I think it's an appropriate thing that you've done to speak out in support of what you're doing. It looks like Nova Scotia is leading the way in terms of the tax credit, and you've given us information about how much money has actually been saved as a result of taking that step.

Are there any other provinces that are doing a tax credit along those lines?

Ms. Lisa Levin: Manitoba has a non-refundable tax credit, and the benefit of that is that individuals who do not work can still obtain a tax credit. Often, caregivers have to give up working to care for their loved ones. I can get you statistics on that, if you want, in terms of savings. I don't have that with me now.

Those are the two leaders in Canada.

Mr. Ted Arnott: The whole idea of the local health integration networks was to allow a local decision-making body to allocate health care resources to meet specific local needs. But as you point out, that has led to inconsistency in terms of service levels across the province.

Which LHIN is doing the best job of supporting caregivers in the province?

Ms. Lisa Levin: Actually, the point we were making was not so much about the LHINs' performance, but that when the LHINs were originally allocated their dollars, it seems that it was not based on current population projections, because it seems that the LHINs with high-growth areas, like Central West and Central, have less per capita dollars than other LHINs.

Toronto has done some great work with caregiving through the Toronto CCAC, for example. But the concern that we have is that some LHINs just don't have enough money, so lower-needs individuals, mostly seniors and disabled adults, in many LHINs, including Central LHIN—there's no support for them at all unless people pay privately.

Mr. Ted Arnott: You mentioned the 2014 provincial budget. Of course, what happened was, the provincial government presented a budget knowing that it was most likely going to be a pre-election budget. There were a lot of commitments made in it. Some of them, almost a year later, have not been followed through on just yet. We had the provincial election, and the government then presented an identical budget.

What exactly did they promise in terms of caregivers in the 2014 budget? What would you expect—

Ms. Lisa Levin: They talked about this self-directed respite care, and I know that's something that, in recent Ministry of Health slides I've seen, seems to be on the radar. There are models of that in parts of Ontario already, just little projects.

There's an agency called Wesway in Thunder Bay. If you look at Special Services at Home for, I believe, developmentally disabled children, they have that type of funding. We're asking that this be an option that's available, particularly in rural areas, where an additional issue is a lack of service. That's one thing.

I had the opportunity to meet with Minister Matthews and brief her, with Dr. Samir Sinha, and we talked about the Nova Scotia model.

We also talked about the importance of assessing family caregivers, which is done in certain provinces, because that way certain decisions that are made might be more cost-effective and family-centred. I'll give you a quick example: If you're in an urban area, and there's a day centre for seniors, that costs around $30 a day for the client. Some LHINs are able to fund that completely as well. Having a personal support worker through a CCAC contract is around $31 an hour. So if you're a caregiver and you get four hours of a personal supporter a day and you need respite, for example, that will cost $120, whereas someone can be gone the whole day at a day centre for $30. If they see a caregiver approaching burnout, and if there are more options available—we're not necessarily saying it would cost the system more money; it would just be much more effective.

Mr. Ted Arnott: Okay. Thank you again.

The Chair (Ms. Soo Wong): Thank you for your presentation and your written submission.

ADDICTIONS AND MENTAL HEALTH ONTARIO

The Chair (Ms. Soo Wong): Is Addictions and Mental Health Ontario here? Okay, thank you. Welcome.

Ms. Gail Czukar: Unfortunately, I don't have enough copies of my presentation.

The Chair (Ms. Soo Wong): That's okay. The Clerk will circulate that, Ms. Czukar.

As you heard earlier, you have 10 minutes for your presentation followed by five minutes of questioning from the committee members. This round is the third party. You may begin any time. Please identify yourself for the purpose of Hansard. Thank you.

Ms. Gail Czukar: My name is Gail Czukar, and I am the CEO of Addictions and Mental Health Ontario. Thank you very much for giving us time to address you today about the needs of people with addiction and mental illness in the province of Ontario.

Our organization consists of about 250 organizations across the province that provide community-based mental health and addiction services as well as hospitals and other organizations that provide community-based services.

We are very pleased that the government announced, on November 25, that they will provide 1,000 new units of supportive housing across the province and appoint a provincial mental health and addictions council to oversee the implementation of the remainder of the 10-year strategy, or at least for the next three years. We also want to congratulate the government on increasing its spending on community mental health and addictions from 1.31% to 1.41% of Ministry of Health and Long-Term Care spending from 2011-12 to 2013-14. These are very im-

portant increases for people with addictions and mental illnesses, and their families.

However, we do need more support and action to support people in the community. Wait-lists continue for intensive case management, for assertive community treatment and especially for supportive housing. So continued and accelerated investments are necessary. Even though we do have those increases over the three years, from 2011-12 to 2013-14, this year, a lot of the community budgets were impaired at the LHIN level by using the community allocation to pay for the increase for personal support workers. While that's a very worthwhile endeavour as well, it did cut back on what was to have been available for some of the community services.

1630

I'm just going to very briefly talk about the three main areas in my presentation and then allow for questions. I'd prefer to have more of a dialogue. We do call on the government to increase the capacity in the core basket of services. That includes maintaining the support that's already there. I was at a summit on addiction pathways in the Toronto Central LHIN yesterday where, sitting at a table that was addressing the funding system, someone said that the problem with the consistent freezes in this sector over the last 10 years is that you have a house and you don't get any money to maintain it, but you can get money to build a new kitchen. If you don't do the foundational and maintenance work, then you lose capacity.

Today at our board meeting, one of our addiction provider members said she had calculated that the result of the cumulative effect of the freezes and very small cost-of-living increases over the last 10 years has been a 28% shrinkage in capacity. That's why the wait-lists continue to be there.

We would like to see the capacity increased. We would like to see government policies ensuring that they are integrated, and there aren't unintended negative consequences for one kind of policy on another. The inter-ministerial approach to the strategy is very encouraging to see—that the ADMs are meeting across government and that action on mental health and addictions is in 14 of the mandate letters for the ministers. This is very encouraging for us to see.

We are also very supportive of cross-sectoral collaboration in primary care, because that's another essential area for meeting the needs of individuals. I've been at Addictions and Mental Health Ontario now for about four months, and prior to that, I was the executive director of a family health team for two and a half years, so I have direct experience of what can happen in the primary care area as well. So that's very important.

Affordable housing: I'm sure you have heard from people in other parts of the province about the need for affordable housing and supportive housing. That's an ongoing need. We have some numbers here about what it costs to keep people with community supports and what it costs to keep them in hospital and in jails. I'm sure you'll get different numbers on those from different people, but there's no doubt that keeping people in supported housing in the community is a great investment in terms of future health, as well as their ability to maintain their own housing, their own employment and treatment.

Looking forward to years 4 to 10 of the strategy, we would like to see increasing support rather than less support for people who are working. The proposed changes to ODSP that are going to eliminate certain employment-related benefits in favour of others are going to be a loss for people who are trying to work and could have the result of putting more people into poverty, which is not the result, I'm sure, that's intended, but it could have that result. People who are trying to work part of the time but need that ODSP support should have all the support they can to try to get working and keep working.

I think that's where I'm going to leave it so that I allow enough time for questions and dialogue. Thank you.

The Chair (Ms. Soo Wong): Thank you very much. Ms. Fife, do you want to begin the questioning?

Ms. Catherine Fife: Thank you very much. Gail, this has been at every stop—and you're the last one for me, anyway. Mental health is a growing issue. You applaud the government for going from 1.3% to 1.4%, yet later on down in your information, you point to, in effect, a 28% shrinkage in capacity over the past 10 years.

But you're not just calling for more money, though; you want money to be spent differently, more effectively, more efficiently. If you had the golden wand here, what would you do to make the biggest difference?

Ms. Gail Czukar: Overall, in the system there is a need for the funding for mental health and addiction across the board to match the burden of disease more closely. There seems to always be an assumption that in addiction and mental health, there's kind of a border around that, and we're supposed to say, "Put more money from the hospitals to the community."

This area has never been adequately funded. I was questioned by a reporter the other day doing a series on mental health and addiction: "Wouldn't it be great to fund a certain kind of care, and isn't this all because of de-institutionalization and people in the community not getting support?" The fact is, whether people are in hospital or in the community, this area has never been funded in accordance with the need. The one in five number that we hear, the 3% number for seriously mentally ill people: If you do the math on the population of Ontario, you'll see that the overall funding, which is about 4% to 5% of the budget, doesn't begin to match that kind of need.

If I had a wand, I would say, "Put more money into mental health and addictions services overall," and I would say, "Balance that in favour of the community, where community providers are supporting people and keeping them in the community, keeping them at home." People go to hospital. They need effective treatment when they're in hospital and they need it quickly, so we don't want waiting lists there either, or waiting times. But we definitely want more support in the community.

Ms. Catherine Fife: It's really interesting because CMHA Middlesex made the same case. They tracked 10 individuals in the community. If those 10 individuals received supportive housing and counselling for a year, it would cost $900,000 versus $4 million in the emergency room. So I think that's how we have to start thinking about where these dollars are going.

It's interesting that you mentioned that you were at a LHIN event yesterday or the day before, because in Kitchener-Waterloo, KW Counselling Services does some amazing work. But they've highlighted a lack of data that the LHIN has not connected for walk-ins for males who need counselling. They tell the story of this pickup truck that came into the parking lot and four construction workers got out and they all waited for one poor guy to walk into the centre. But that sort of option needs to be there. You need to map the data to know who you're serving. Can you talk a little bit about that?

Ms. Gail Czukar: That's a very good point. We are working in partnership with CMHA Ontario to develop a quality improvement plan for community mental health and addictions. We have fairly good data on hospitals and on medical services in this area, but not in the community. Without that data, it becomes invisible in many areas.

If we only can measure whether people are in hospital or getting out of hospital—so ALC is a very popular measure. We need housing because of the ALC beds. If we do that, and we prioritize people coming out of hospital for that reason, then what about all those people who are currently on the waiting list—9,000 in Toronto—for supportive housing? So we need data to measure not just volumes and services but quality of care as well.

We are working towards that. We are coming forward to the ministry, who has been very receptive to us making a proposal for that. But with the diversity of services in the community, which is necessary to meet the many diverse needs that are in the community, it becomes a real challenge to have a standardized data collection system. So we do need support to develop that and catch up.

The Chair (Ms. Soo Wong): Thank you very much for your presentation and your written submission.

COLLEGES ONTARIO

The Chair (Ms. Soo Wong): Our final presenter for the day, folks, is Colleges Ontario: Linda Franklin, president and CEO of Colleges Ontario. Welcome, Linda, as always.

Ms. Linda Franklin: Thanks very much.

The Chair (Ms. Soo Wong): I believe there's a handout for all of us. Linda, you know the drill: 10 minutes for presentation and five minutes for questions. This round is coming from the government side. Thank you.

Ms. Linda Franklin: Thanks very much. I know I have the distinction of being the last presenter, on the last day, on Friday afternoon. I tried to get the Humber jazz band to come with me, but they were unavailable, so I will just try to be incredibly animated through this.

1640

Madam Chair and committee members, thanks for the opportunity to run through our budget submission with you today. You all have a hard copy of our submission and the speaking notes for today.

In the mandate letters for the ministers, the Premier said, "Growing the economy and helping to create good jobs are fundamental to building more opportunity and security, now and in the future. That critical priority is supported by strategic investments in the talent and skills of our people—from childhood to retirement."

Through these strategic investments, colleges, we think, can help the province with two critical issues: youth employment and lifting more people out of poverty. Those two things together help with a robust economy.

Given the state of the economy and the high level of youth unemployment right now, colleges have identified a need to better support today's diversity of learners and their success.

Just before I speak to you about some of our particular initiatives, I'd like to provide you with some perspective on our students. Our colleges serve the full spectrum of students, particularly from groups that have traditionally been under-represented in post-secondary education.

If you're following my notes on page 3, the first chart illustrates, for example, that as many aboriginal and non-aboriginal students have attained diplomas, college education or trades certificates. In fact, the aboriginal population, which is very under-represented in post-secondary generally, is represented to about the level of their share of the population at colleges, so it's a real success story there.

We have many other success stories with disadvantaged groups and people from low incomes, so helping the disadvantaged is a top priority for us. We are the solution to helping most at-risk and under-represented populations in the province. More than half of our applicants come from households where the family income is less than $60,000 a year.

Our tuition is affordable and our campuses are located throughout the province, which is critical, because when we survey our students, we find that, for the most part, college students would not choose to chase the program of their choice across the province. If they can't find the program they want at their local college, they choose another program at their local college. In the absence of a college, many of these young people's choice wouldn't be a different form of post-secondary education; it would be no post-secondary education.

We're not the colleges we were 50 years ago. I certainly remember when the college system was set up. Oh, dear God, that's dating me. We were considered vocational schools for students who were struggling, last-resort opportunities for children to get an education. We are not that anymore. Today we offer apprenticeships, diplomas and four-year degrees in applied disciplines that

are highly challenging, highly technical, and we turn out students who are filling the workplace with really well-qualified employees.

The OECD, last year, put out a report that found that more adult Canadians have a post-secondary education than any other country in the developed world. That was because of our college system.

While we recognize the need to serve at-risk students, we also recognize that the province has budget challenges.

Last year, Deloitte did a report for us that found that colleges invest more than $100 million each year in at-risk student supports, more than the government gives us to support these students. These are important societal investments that we are glad to make, and they are important to make because that same report found that those students increased their grad rate by 35% when they have this help.

On to some of our recommendations: We are recommending funding for pilot projects to utilize academic and other supports for students at risk of dropping out. We know the government doesn't have much money, so we'd like to do some of these pilots now so that, in a few years, when there is more money to invest, we will know where the best use of your dollars will be.

More than 83% of college graduates find employment after graduation, but we can do better. Prior to the recession, that figure was well over 90%.

We're also suggesting a new $10-million special-purpose grant, the graduation transition to the workplace grant, to allow our colleges to do more work with graduating students who don't have parents with their own networks, don't have a way to access employment opportunities and so need the help of dedicated counsellors and professors who know them and are willing to help put them in touch with job opportunities.

In today's economic climate, there is also a requirement for business to be more innovative in order to build their own successes and create the jobs that our young people so desperately need. We spend a lot of time at colleges working with small and mid-size companies on applied research projects to help deal with immediate problems that they have. This is critical support for the small and mid-size companies. But there's almost no provincial funding at all for this kind of work at colleges. We don't get dedicated research funding the way that universities do. Most of our professors are doing this work off the side of their desk. So to support competitiveness and job creation through this avenue we're suggesting a modest fund, $2 million a year, for the creation of a competitive fund for college-based industry experts to help solve local industry-defined applied research challenges. Industry would come to the professors, make their pitch, ask for support, and this fund would help fund important projects on a matched basis.

Another area that we think needs real attention is apprenticeship. Colleges provide 90% of the in-class training for apprenticeship, but that training is costly and, frankly, not being adequately funded. We have a chart in the major presentation that shows you that in some cases the most in-need college trades are not even being covered for the cost of their actual provision by the college.

So we're suggesting that the increase in the classroom fee be about $8 over the next two years. Right now, classroom fees mean that apprentices are paying about half what other college students are paying for their education, and we are at about half the level of funding for apprenticeship in Ontario of every other province in the country. Because of that, some of our colleges are already getting out of the business of apprenticeship. We can't see that continue or we won't be able to provide the skilled trades that we need. So we think that, at the very least, we need to bring the apprenticeship payments up to the level where they're sustainable for the colleges. This small increase would be the first one in about a decade.

Fighting poverty, rebuilding the economy, increasing post-secondary attainment, improving apprenticeship and tackling youth unemployment are all issues that we are ready to work with you on. We understand the fiscal restraints of government, and colleges work very hard to be good stewards of your dollars, from good bargaining settlements to a well-funded pension plan to all sorts of shared services. The colleges do a lot together to try to reduce their impact on the provincial economy. However, we are also facing a pretty difficult fiscal environment. The 2012 Ontario budget left colleges at a real disadvantage. We were allocated a disproportionate share of the total funding cuts to post-secondary. Today, we receive the lowest per-student funding of any province in Canada and our funding is lower than the amounts provided to both universities and high schools for their students. Our apprenticeship fees, as I mentioned, are the lowest in the country.

These realities have placed some colleges at risk. The Ontario Ministry of Training, Colleges and Universities has agreed to review our funding formula and think about how to do this better. That's probably a year and a half away. In the meantime, a sustainability fund that was set up two years ago for colleges at particular risk of falling into deficit is due to expire this year. So we're asking that while that process is going on, we be allowed to continue with that funding for another two years.

Beyond local priorities, attracting international students is a critical priority of a healthy post-secondary sector, and we think it's really important that we help expand our international enrolment to bring in new immigrants and to give our students a better global experience. We're suggesting that Ontario invest $1 million next year for study-abroad programs for college students and permanently drop the plan to apply an international student recovery fee to offshore activity. These two initiatives would strengthen our international presence and allow more of our students to gain international experience abroad and come back to Canada with a greater sense of global realities.

As the economy recovers, fighting poverty and generating more college graduates are key pieces to the puzzle

for a more prosperous and secure Ontario future. With the support of government, colleges will help this province prosper and thrive in the years to come.

Those are my remarks, Madam Chair. Thank you for inviting me to be here today. I'm so thrilled to have taken this last slot.

The Chair (Ms. Soo Wong): Thank you very much. Ms. Hoggarth, do you want to begin the questioning?

Ms. Ann Hoggarth: I certainly do. Thank you very much, Linda.

Ms. Linda Franklin: You're welcome, Ann.

Ms. Ann Hoggarth: I'm from Barrie, and of course we are so thrilled to have Georgian College. We are so lucky. It's one of the largest employers in Barrie and they do wonderful things with innovation, taking care of the aboriginal students and all the wonderful programs that they run.

Could you tell me a little bit about the novel idea of combining diploma courses with degrees and how it saves money for the student and the whole system?

Ms. Linda Franklin: Sure. We have lots of ways to go at this. One of the biggest challenges we have today is that our students don't go through post-secondary the way we did. It's not in, three or four years; out, off to a career. They meander a little around post-secondary. It takes many of them a lot of time to find their way.

1650

We have good relationships with universities, and some of our students transfer from a two-year diploma into a degree at universities. That doesn't happen nearly as often as it should, and it's incredibly challenging. University programs are very different, one to the other, so although we're working on credit transfer, it takes time.

We're suggesting now that another option that would add to the suite of things we do for our students would be to introduce three-year degrees at colleges. We already offer four-year degrees, but right now, if you want to go to degree education in Ontario, you have to have six university credits in high school and you have to have gotten really great marks, or you are barred from degree education.

We've managed, over the years, to find all sorts of ways to help our high school students succeed. Dual credits, high-skills majors: All these things help high school students succeed, but those students cannot enter degree education right now. So we're proposing that we add a three-year degree program at colleges—in applied areas, not competing with universities—that would allow students to go into a one-year certificate program or a two-year diploma; to find themselves and understand that they are really capable and smart and would like to continue; and that would allow them to continue seamlessly to get their degree and, from there, if they wanted to go on, into a four-year degree program at a college or on to university.

We think it's a gap for Ontario. It would be, I think, a really important thing to address going forward, so that all of our students have access to education to the extent that they can and are interested in pursuing it.

Ms. Ann Hoggarth: Thank you. What have you been hearing from the colleges about collaborative work to improve student mobility and expand opportunities for students to learn online?

Ms. Linda Franklin: There are a lot of exciting initiatives there. Ontario Online, which is slated, I think, to come on stream in September of this year—we have already, in the college system as well as in universities, been uploading courses into that program right now, so when it goes live, we'll have all sorts of new opportunities for online education.

Not only do we think that will help simply with students taking courses online, but it will give us the ability, when students move from one program to another, to provide a bridging program fast, so you don't waste another year of your time redoing courses. You can take courses online; you can fill in gaps online. Students from remote areas of the province can take more of their credential online. It gives us new opportunities around degree-granting as well, filling in more of the gaps. So we're very excited about that opportunity.

Also, in just the last couple of months, the colleges have announced a really unique initiative where, if you were taking a business program at any college in the province, you can transfer to another college with a guarantee that you will not lose any of your credits. Now there is seamless transfer right through the college system in business, and those programs will build from there.

Also, ONCAT, the province's transfer network, is helping with this too. It's slower, but we have already managed, I think, to do some really important early work around credit transfer between colleges and universities, and that work will continue.

Ms. Ann Hoggarth: I was recently at Georgian, where the new mental health initiative was announced. I think Sault College also has it.

Ms. Linda Franklin: Yes.

Ms. Ann Hoggarth: I was just amazed at how great it was. We had a young woman speak and, if she was in here, you would think that she had no illness whatsoever. She stood up and was so brave, and told us about the fact that she had cut herself and had tried to take her own life, and that, working with people at the college, she now counsels other people who are having difficulty.

I want to thank you and everyone in all of the college system for the work that you do with our young people. Thank you.

Ms. Linda Franklin: Thank you so much.

The Chair (Ms. Soo Wong): Thank you very much, Linda, for being here as the last presenter.

Ms. Linda Franklin: You're welcome.

The Chair (Ms. Soo Wong): So, folks—okay, I see hands up. First, Ms. Fife, you have some questions for the researcher?

Ms. Catherine Fife: Thank you. I do have some questions following today's presentations.

I first wanted to say thank you, though, for doing a really outstanding job of chairing this committee, MPP Wong.

The Chair (Ms. Soo Wong): Thank you.

Ms. Catherine Fife: It was hard. I understand we've heard almost 200 people. You kept us on time, and I really do appreciate that.

Applause.

Ms. Catherine Fife: Yes, we can applaud. Thank you.

The Chair (Ms. Soo Wong): Thank you.

Ms. Catherine Fife: The questions that I have actually pertain to some of the delegations from today. I'd like a full costing-out of the Work-Related Benefit, because it's proposed to be phased out by this April, or a consolidation of those benefits. We've heard from several people as to—

The Chair (Ms. Soo Wong): Just for clarity, Ms. Fife, for the gentleman here, it's about the ODSP, the work-related; right?

Ms. Catherine Fife: The cancellation of the Work-Related Benefit. What is the cost of—I guess I'm asking what is the province going to say if they do actually cancel it, which they are predicting to do.

Also, we heard from chiropractic services Ontario, and they called for an integration of chiro care into family health teams. This would be a new funding line for the Ministry of Health. It will be hard to estimate that, but if research could investigate the costing of that.

I think that's it for now.

The Chair (Ms. Soo Wong): Okay. Are there any questions or comments, because I do want to make some final remarks.

First of all, I want to thank the staff. Six days of travelling and two days here in the city of Toronto at Queen's Park really took a lot of work, so I wanted to thank Katch and his entire team, the researchers in-house—I think Susan is back there. I want to thank everybody for being part of this thing, because you know we are just as good as the staff who support us.

The other thing I wanted to remind everybody is that the Clerk has just given us the last batch. From now until 5 o'clock, if there is anything coming through to us, it will be sent to us electronically; okay? I just want to be on the record for that.

And then, I just also want to remind everybody that the staff will be sending us electronically on February 23 the draft report of the summary of all the presentations both in written submission or the ones before us, the presenters. That's February 23.

Our official meeting for this committee will be February 26. The House resumes on February 17. There isn't any other business before then.

All right? Are there any questions or comments? Seeing none, I'm going to adjourn the committee. Thank you so much to everybody. Have a great couple of weeks off.

The committee adjourned at 1657.

Continued from back cover

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Présidente
Ms. Soo Wong (Scarborough–Agincourt L)

Vice-Chair / Vice-Président
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)

Mrs. Laura Albanese (York South–Weston / York-Sud–Weston L)
Mr. Yvan Baker (Etobicoke Centre / Etobicoke-Centre L)
Mr. Victor Fedeli (Nipissing PC)
Ms. Catherine Fife (Kitchener–Waterloo ND)
Ms. Ann Hoggarth (Barrie L)
Mr. Monte McNaughton (Lambton–Kent–Middlesex PC)
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)
Ms. Daiene Vernile (Kitchener Centre / Kitchener-Centre L)
Ms. Soo Wong (Scarborough–Agincourt L)

Substitutions / Membres remplaçants
Mr. Ted Arnott (Wellington–Halton Hills PC)
Mr. Lorenzo Berardinetti (Scarborough Southwest / Scarborough-Sud-Ouest L)
Mrs. Marie-France Lalonde (Ottawa–Orléans L)
Mrs. Kathryn McGarry (Cambridge L)

Clerk / Greffier
Mr. Katch Koch

Staff / Personnel
Ms. Anne Marzalik, research officer,
Research Services
Ms. Susan Viets, research officer,
Research Services

CONTENTS

Friday 30 January 2015

Continued on inside back cover

ISSN 1180-4386

Legislative Assembly of Ontario

First Session, 41st Parliament

Assemblée législative de l'Ontario

Première session, 41e législature

Official Report of Debates (Hansard)

Thursday 26 March 2015

Journal des débats (Hansard)

Jeudi 26 mars 2015

Standing Committee on Finance and Economic Affairs

Committee business

Comité permanent des finances et des affaires économiques

Travaux du comité

Chair: Soo Wong
Clerk: Katch Koch

Présidente : Soo Wong
Greffier : Katch Koch

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

http://www.ontla.on.ca/

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario

Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Thursday 26 March 2015

Jeudi 26 mars 2015

The committee met at 0902 in room 151.

COMMITTEE BUSINESS

The Chair (Ms. Soo Wong): Okay. Good morning, everyone. I've called this meeting to discuss the methods of proceeding with Bill 67, An Act to amend the Liquor Control Act, and Bill 40, An Act to amend the Crop Insurance Act (Ontario), 1996 and to make consequential amendments to other Acts.

As you know, the committees of the Legislature have an obligation to consider any business referred to them by the House. When an item of business is referred to the committee, the normal course of action is for the subcommittee to meet to discuss how to deal with a referral from the House, in order to make some recommendations to the full committee.

Our subcommittee tried but, for whatever reasons, was not able to come together on three separate occasions. As Chair, it is my duty to ensure progress on the work of the committee. So, committee members, I'm in your hands this morning. How would you like to deal with Bill 67 and Bill 40, and which bill would you like to discuss first?

Okay. I've got hands up. I've got Mr. Potts. Do you want to begin?

Mr. Arthur Potts: Sure. I'd like to make this quick, because I'd love to get back up to the House; there are some great discussions going on there. We have a motion I'd like to put forward that we deal with Bill 40, and only Bill 40, at this time. It's an important act. I think it's had all-party support. We want to get this in front so we can get it out, get the regs done and move on with product insurance.

I would like to make the following motion, Clerk, if it's appropriate to do now—

The Chair (Ms. Soo Wong): Okay. The Clerk has asked for copies, if you want to give that to the Clerk. Are there any other hands to speak on my remarks this morning?

Mr. Arthur Potts: I have two copies here.

The Chair (Ms. Soo Wong): Okay. Laura, did you—oh, sorry, Vic.

Mr. Victor Fedeli: I would like us to schedule both. Both have been voted on in the Legislature and sent to us to handle. If the expression can be "walk and chew gum at the same time," I think we can handle that.

The Chair (Ms. Soo Wong): Okay. I have Laura.

Mrs. Laura Albanese: To Vic's point, don't we have another private member's bill that has now also been referred to the committee? I forget the name of the bill. It's Marie-France Lalonde—

Ms. Ann Hoggarth: The microbead bill.

Mrs. Laura Albanese: Yes, the microbead bill. I don't know if we want to deal with the private member's bill separately.

The Chair (Ms. Soo Wong): Okay. Ms. Vernile?

Ms. Daiene Vernile: I wonder if we should also give consideration to the fact that we may want to stay flexible in the event that we have the budget bill. Do we really want to be juggling all these balls? I would agree with Arthur: I think we should do one at a time.

The Chair (Ms. Soo Wong): Okay. Mr. Potts?

Mr. Arthur Potts: Let me also say I'm a big supporter of that bill. It's great. I'm a microbrew strategist from way back. I helped change the law 35 years ago to get microbreweries in Ontario, but we've got the Ed Clark stuff coming, and with the budget there are going to be announcements. I think it would be premature to schedule it. Let's see what comes down the pipe and then handle it once we have more information publicly about which directions we're going in. I would heartily suggest that we just deal with the one bill and maintain flexibility.

The Chair (Ms. Soo Wong): Okay. Mr. Fedeli, do you have any other comments? Mr. McNaughton? No?

Okay. So, the Clerk is waiting to get copies for the motion that Mr. Potts is going to share with all of us. I think we're going to have to look at the motion and then see if anything is being added from the opposition.

Mr. Arthur Potts: I can read the motion into the record, and then we can have a discussion about it while it's being photocopied. Would that be appropriate?

The Chair (Ms. Soo Wong): Okay. Why don't you do that? Is that okay? Mr. Fedeli and Mr. McNaughton, Mr. Potts is going to read the motion, and we're going to get everybody a copy, okay? Mr. Potts, do you want to begin?

Mr. Arthur Potts: Thank you, Clerk and Chair. I move that the Clerk, in consultation with the Chair, be authorized to arrange the following with regard to Bill

40, the Agriculture Insurance Act (Amending the Crop Insurance Act 1996), 2015:

(1) One day of public hearings on April 2, 2015, at Queen's Park; and

(2) One day of public hearings on April 7, 2015, in Guelph, Ontario, from 9 a.m. to 12 p.m. and 1 to 4 p.m.;

(3) That one staff person from each recognized party be authorized to travel with the committee, space permitting, and that reasonable expenses incurred for travel, accommodation and meals be paid for by the committee upon receipt of a properly filed expense claim; and

(4) One day of clause-by-clause consideration on April 16, 2015; and

(5) Notice of public hearings on the Ontario parliamentary channel, the Legislative Assembly's website, Canada NewsWire and Guelph Mercury; and

(6) Witnesses are scheduled on a first-come, first-served basis; and

(7) Each witness will receive up to five minutes for their presentation, followed by nine minutes for questions from committee members;

(8) The deadline for written submission is 6 p.m. on the final day of public hearings;

(9) That the research officer provide a summary of the presentations by 5 p.m. on Friday of the same week following public hearings; and

(9) The deadline for filing amendments with the Clerk of the Committee be April 13, 2015, at 5 p.m.

The Chair (Ms. Soo Wong): Okay. Thank you, Mr. Potts. Are there any comments or questions to the mover? Mr. Fedeli?

Mr. Victor Fedeli: I have a friendly amendment that I'd like to make. First of all, I just have a question for the Clerk. We haven't decided that it's only Bill 40. We haven't had a vote on that.

The Chair (Ms. Soo Wong): No, but we've just been told that there's a motion by Mr. Potts, and we're going to get the Clerk. Mr. Clerk, there's a question from Mr. Fedeli.

Mr. Victor Fedeli: So we're having this motion. I'm trying to determine—we haven't decided that we're only dealing with Bill 40, not the others—is it Bill 67?

The Chair (Ms. Soo Wong): Yes, it's Bill 67, and there's also Bill 75 now.

Mr. Victor Fedeli: So do we not need a vote to decide that first?

The Clerk of the Committee (Mr. Katch Koch): It's in whichever order the committee decides to deal with the business. In this case, we have a motion on Bill 40. There could also be a motion on Bill 75. It could also be a motion on Bill 67.

The Chair (Ms. Soo Wong): Okay. So right now there is a mover for Bill 40. Am I correct?

The Clerk of the Committee (Mr. Katch Koch): The current motion before the committee is only on Bill 40.

The Chair (Ms. Soo Wong): Ms. Fife? Sorry.

Mr. Victor Fedeli: No, I'm still in the middle of my question. I had a two-part question. One part was: Don't we need to deal with that first? The answer, you're saying, is that we don't have to decide 40, 67 and 75; we're just dealing with this one.

So, on this one, back to my friendly amendment: For number 2, where you have one day of public hearings in Guelph, I'd like to propose that we change that to two days of public hearings on April 7 and 8 in Guelph and Kemptville, Ontario, from 9 a.m. to 12 and 1 to 4.

The Chair (Ms. Soo Wong): So April 7 is to Guelph and April 8 is to Kemptville? Am I correct?

Mr. Victor Fedeli: Yes.

The Chair (Ms. Soo Wong): Okay. So this is an amendment from Mr. Fedeli. Are there any comments and questions? Mr. Potts?

Mr. Arthur Potts: Yes. With respect, I wouldn't consider that a friendly amendment. This is more than enough time to get—it's a very short bill. It's an enabling piece of legislation. All the major farm organizations are in Guelph; that's why we want to take it there, to save them travelling here. Kemptville would be unnecessary, in my view.

Two days will be more than enough to deal with the issues in front of it with the major stakeholders. I've also spoken with the OFA, and they see no particular reason why we should be outside of Guelph. They are quite supportive of us just doing the two days, so I would like to stick with my initial motion. We would vote against the amendment.

The Chair (Ms. Soo Wong): Okay. I have Ms. Fife.

Ms. Catherine Fife: I think, actually, that it is a friendly amendment. Unfriendly amendments limit consultation or limit exposure to the bill. Friendly amendments actually expand and broaden the scope of consultation, so I see no issue with expanding the consultation to Kemptville.

The Chair (Ms. Soo Wong): Okay. Mr. Fedeli, you have more comments about your amendment?

Mr. Victor Fedeli: If it's not a friendly amendment, can I make an amendment?

The Chair (Ms. Soo Wong): Okay. Let's be on the record: There's no such thing as friendly or unfriendly amendments, okay?

Mr. Victor Fedeli: I know. It's an amendment I'm making. I thought maybe he could casually change his; that is a friendly amendment.

The Chair (Ms. Soo Wong): Okay. Any more comments or questions to the amendment? We're going to have to vote on the amendment first, then the actual motion, right? This moves procedurally, okay? So any more comments or questions to the mover of the amendment?

Okay. Can I call the question on the amendment?

Mr. Victor Fedeli: Recorded vote, please.

The Chair (Ms. Soo Wong): Recorded vote. Okay. There has been a request.

So, there is an amendment to (2), the two dates—no, there are going to be three dates of public hearings. That's what I'm hearing, right? Three days of public hearings, April 7 to Guelph and April 8 to Kemptville.

Ayes

Fedeli, Fife, McNaughton.

Nays

Albanese, Hoggarth, Milczyn, Potts, Vernile.

The Chair (Ms. Soo Wong): Okay. The amendment is defeated.

Back to the original motion: Are there any questions or comments to the mover of the motion, Mr. Potts?

Okay, I see nothing. I'm going to call the question. All those in favour of the motion presented today by Mr. Potts? You all have a copy.

Mr. Arthur Potts: Do you want to record this one, too?

The Chair (Ms. Soo Wong): Recorded vote? Okay.

Ayes

Albanese, Fife, Hoggarth, Milczyn, Potts, Vernile.

Nays

McNaughton.

The Chair (Ms. Soo Wong): Okay. The motion is passed.

So you've got that before you.

Mr. Arthur Potts: Can I move adjournment?

Mr. Victor Fedeli: No. I have a motion on Bill 67. Can we have time to type it up?

The Chair (Ms. Soo Wong): Oh, okay. You want a recess?

Mr. Victor Fedeli: A 20-minute recess—it doesn't have to be 20 minutes.

The Chair (Ms. Soo Wong): Okay. Can we come back at 9:30?

Mr. Victor Fedeli: Yes.

The Chair (Ms. Soo Wong): Okay, so we'll come back at 9:30. I'll recess the committee to 9:30.

The committee recessed from 0912 to 0931.

The Chair (Ms. Soo Wong): I'm going to resume the committee. Is it Mr. Fedeli who's going to move this motion or Mr. McNaughton?

Mr. Monte McNaughton: Sure, I can.

The Chair (Ms. Soo Wong): Okay. Mr. McNaughton?

Mr. Monte McNaughton: I move that the Clerk, in consultation with the Chair, be authorized to arrange the following with regard to Bill 67, the Raise a Glass to Ontario Act (An Act to amend the Liquor Control Act), 2015:

(1) One day of public hearings on April 23, 2015, at Queen's Park; and

(2) One day of clause-by-clause consideration on April 30, 2015;

(3) Notice of public hearings on the Ontario parliamentary channel, the Legislative Assembly's website, and Canada NewsWire; and

(4) Witnesses are scheduled on a first-come, first-served basis; and

(5) Each witness will receive up to five minutes for their presentation, followed by nine minutes for questions from committee members;

(6) The deadline for written submission is 6 p.m. on the final day of public hearings;

(7) That the research officer provide a summary of the presentations by 5 p.m. on Friday of the same week following public hearings; and

(8) The deadline for filing amendments with the Clerk of the Committee be April 28, 2015, at 5 p.m.

The Chair (Ms. Soo Wong): Okay. Any comments or questions to the mover? I'm going to start with Mr. Milczyn.

Mr. Peter Z. Milczyn: Could I amend in line 1 "public hearings" to say "public tastings"?

The Chair (Ms. Soo Wong): Okay, Mr. Milczyn. Is that a friendly? That's a friendly amendment.

Mr. Potts, I saw your hands up.

Mr. Arthur Potts: Yes. As I said earlier in the preamble, I am a big fan of the general concept of this bill, as badly drafted as it is and with the major amendments it will require—no disrespect intended. We've already had that conversation about ensuring that there's more local product in these markets, and the markets are actually attached to the manufacturing establishments. It does need amendments, and hopefully we can get there, but it's just not timely.

Let's wait for Mr. Clark to do his business. We'll have a budget coming down which is going to address a lot of issues around alcohol sales, and then it'll be much more appropriate. We appreciate that this has actually been instructive to Mr. Clark, I think, and we'll be voting against this so we can keep the flexibility in the committee. Thanks.

The Chair (Ms. Soo Wong): Okay. Mr. Fedeli?

Mr. Victor Fedeli: Thank you. You know, to your point, we waited a long time for Don Drummond to come out with a report, and we still haven't enacted the majority of those, so I add that to what will happen to a Clark report: another one that will sit on the shelf.

The Chair (Ms. Soo Wong): Any other comments or questions? Mr. Smith?

Mr. Todd Smith: Yes, thank you, Madam Chair. This is a bill that was agreed to by the government and the official opposition during the debate at second reading, so there is agreement to move forward with the Raise a Glass to Ontario Act. We have a friendly amendment on the floor from Mr. Milczyn that I think shows that there is some—what should I say?—taste to move forward on this bill, and there really is no reason for a delay in moving this bill forward.

Actually, I think that what this will do is enhance the discussions around the problems in the beverage alcohol sector in the province of Ontario, and we can hear from

those who have a stake in this game. There are so many voices out there that don't get the opportunity to speak in the Legislature as we do on issues like this; they would love the opportunity to come to a committee and address a bill like the Raise a Glass to Ontario Act, and they come from all across the province.

I appreciate the motion that was put forward by my colleagues to have at least one day of hearings on this bill, but I'm sure that we couldn't fit all of the people who want to speak to this bill in one day of hearings here at Queen's Park, because we are getting into a pretty important time of the year for a lot of these producers, especially the wine growers in my riding of Prince Edward county, who are now unearthing the vines that they've buried over the winter months and getting ready for their busiest season of the year.

I believe, too, that this is such an important piece of legislation and such an important issue that the government has to deal with that it shouldn't be rolled into an omnibus bill like the budget. I expect that's probably what we're going to see—changes coming in the Ontario budget—whenever it will be delivered, and I believe that this deserves more attention on its own as a stand-alone issue, not to be buried in an omnibus bill like the budget that we're about to get in probably a couple of weeks.

I think it's a very important bill. It's something that's long overdue. There seems to be agreement between the government and the official opposition on the issue. Although some of the wording in the bill may need to be changed—I would agree with that—I think we should go ahead and schedule the bill at committee.

The Chair (Ms. Soo Wong): Okay. I thought I saw Mr. Potts's hand.

Mr. Arthur Potts: No, I'm good.

The Chair (Ms. Soo Wong): No? Okay. Ms. Vernile.

Ms. Daiene Vernile: Just to your comment, Mr. Smith: You are correct that, I believe, we are going to see this addressed in the upcoming budget, and I have to wonder if we might be pre-empting the advisory council on assets and what it's going to say to this particular issue. But I come back to that comment about being flexible and ensuring that we do one thing at a time, that we take care of business and don't start something, leave it unfinished and go on to something else—addressing what we have in front of us, finishing that business and moving on to other business.

The Chair (Ms. Soo Wong): Okay. Any more comments? Mr. McNaughton?

Mr. Monte McNaughton: More so just a question. I don't see a problem—I mean, obviously; I made the motion. I think we should schedule it. Government bills always come ahead of private members' bills at this committee, no? That was my question.

The Chair (Ms. Soo Wong): Okay. Any other comments or questions for the mover? Mrs. Albanese?

Mrs. Laura Albanese: I think that's by tradition, though. This is what I saw happening for the last seven years.

The Chair (Ms. Soo Wong): All right. Any other—

Mr. Todd Smith: Can I ask a question?

The Chair (Ms. Soo Wong): Mr. Smith.

Mr. Todd Smith: If the budget comes out, the budget would take precedence at this committee, would it not?

The Chair (Ms. Soo Wong): Not really. It's the will of the committee.

All right. Any more questions or comments to the motion? That wasn't a friendly amendment by Mr. Milczyn, okay? I just want to make sure that people get that we aren't going to be voting for that.

Okay. Seeing no more discussion to this motion, I'm going to be calling the question. All those in favour of the motion—

Mr. Monte McNaughton: Recorded vote.

The Chair (Ms. Soo Wong): Recorded vote? Okay.

Ayes

Fedeli, McNaughton.

Nays

Albanese, Fife, Hoggarth, Milczyn, Potts, Vernile.

The Chair (Ms. Soo Wong): Okay. The motion is defeated.

I think there's no more other business. I'm going to adjourn the committee. Thank you very much.

The committee adjourned at 0937.

CONTENTS

Thursday 26 March 2015

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Présidente
Ms. Soo Wong (Scarborough–Agincourt L)

Vice-Chair / Vice-Président
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)

Mrs. Laura Albanese (York South–Weston / York-Sud–Weston L)
Mr. Yvan Baker (Etobicoke Centre / Etobicoke-Centre L)
Mr. Victor Fedeli (Nipissing PC)
Ms. Catherine Fife (Kitchener–Waterloo ND)
Ms. Ann Hoggarth (Barrie L)
Mr. Monte McNaughton (Lambton–Kent–Middlesex PC)
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)
Ms. Daiene Vernile (Kitchener Centre / Kitchener-Centre L)
Ms. Soo Wong (Scarborough–Agincourt L)

Substitutions / Membres remplaçants
Mr. Arthur Potts (Beaches–East York L)

Also taking part / Autres participants et participantes
Mr. Todd Smith (Prince Edward–Hastings PC)

Clerk / Greffier
Mr. Katch Koch

Staff / Personnel
Ms. Susan Viets, research officer,
Research Services

F-16 F-16

ISSN 1180-4386

Legislative Assembly of Ontario

First Session, 41st Parliament

Assemblée législative de l'Ontario

Première session, 41e législature

Official Report of Debates (Hansard)

Thursday 2 April 2015

Journal des débats (Hansard)

Jeudi 2 avril 2015

Standing Committee on Finance and Economic Affairs

Comité permanent des finances et des affaires économiques

Agriculture Insurance Act (Amending the Crop Insurance Act, 1996), 2015

Loi de 2015 sur l'assurance agricole (modifiant la Loi de 1996 sur l'assurance-récolte)

Chair: Soo Wong
Clerk: Katch Koch

Présidente : Soo Wong
Greffier : Katch Koch

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

http://www.ontla.on.ca/

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario

Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Thursday 2 April 2015

Jeudi 2 avril 2015

The committee met at 0903 in room 151.

AGRICULTURE INSURANCE ACT (AMENDING THE CROP INSURANCE ACT, 1996), 2015

LOI DE 2015 SUR L'ASSURANCE AGRICOLE (MODIFIANT LA LOI DE 1996 SUR L'ASSURANCE-RÉCOLTE)

Consideration of the following bill:

Bill 40, An Act to amend the Crop Insurance Act (Ontario), 1996 and to make consequential amendments to other Acts / Projet de loi 40, Loi modifiant la Loi de 1996 sur l'assurance-récolte (Ontario) et apportant des modifications corrélatives à d'autres lois.

The Chair (Ms. Soo Wong): We're going to call the meeting to order. Welcome, everybody, to the Standing Committee on Finance and Economic Affairs. We are assembled here today to hold public hearings on Bill 40, An Act to amend the Crop Insurance Act (Ontario), 1996 and to make consequential amendments to other Acts.

As ordered by the committee, each witness will be offered five minutes for their presentations, followed by nine minutes for questioning from the committee members, or three minutes per caucus. Any questions from the committee before we begin? Okay, I see none.

ONTARIO PORK

The Chair (Ms. Soo Wong): At this point I'm going to call our first witness for the day. It's Ontario Pork: Amy Cronin, the chair. Good morning.

Ms. Amy Cronin: Good morning.

The Chair (Ms. Soo Wong): Thank you, good morning. Have a seat.

Amy, you know Hansard has already begun taking notes, so we need you to introduce yourself and your position with Ontario Pork. You may begin any time. As you heard, you have a total of five minutes for your presentation, followed by three minutes of questioning from each of the parties. This round of questions will begin from the official opposition party. Welcome.

Ms. Amy Cronin: All right. Thank you very much. My name is Amy Cronin and I am the chair of the Ontario Pork Producers' Marketing Board. I've been the chair there for three years, and I'm really pleased to talk to you today in support of amendments to the Crop Insurance Act, 1996. I'm a pork producer myself, from Huron county. We've got 3,500 sows there and it's a farrow-to-finish operation. I represent about 1,550 producers across the province.

Ontario Pork is, like I said, made up of over 1,500 producers, but we're a big economic contributor to the province of Ontario. In 2014 we shipped approximately 4.97 million hogs. That contributes economically, because we've got both down- and upstream contributions there. We contribute about $2.5 billion in economic output and over 15,000 full-time-equivalent jobs in our province.

Ontario Pork is an organization that represents the producers of the province. We advocate on their behalf and we help take care of things such as research, marketing, education of consumers, food quality assurance, environmental issues and more.

Today I want to talk to you about why crop insurance would be a benefit to the pork sector and, I would say, for all of livestock in Ontario. We are the only province that doesn't have the ability to implement crop insurance. We think that if Ontario were able to change the act, it would make us more competitive and put us on more of a level playing field with the rest of the country.

Livestock hasn't had production insurance in the past, but we do have crop production insurance. As a pork producer we also have crops, so I've been buying crop insurance since we bought our farm in 1998. I'll say that in the last 10 years we've only ever claimed once, but I've participated in insurance each year because I believe in having that tool available to me, having that insurance available to me as a pork producer, and knowing that because I pay a premium I won't necessarily gain from it in that particular year, but that when I do face difficult times I have something that's there to protect me, in the same way as I have house insurance and fire insurance.

For us, to expand that Crop Insurance Act would provide an additional business tool for pork producers in Ontario. It would give us equity with the rest of the province, but it would give us equity in another way, because we have to compete with crop producers in the province as well. They have had crop insurance for a long time, and it has been a beneficial tool for those producers. By adding a tool to the tool box for pork producers, it would put them on a level playing field with the crop insurance producers in the province as well, so it is something that we do support.

Crop insurance is right now a private-public partnership. It's 40% funded by producers and 60% funded by the government. With that partnership, it's an actuarially sound program. We feel that that would work well for livestock producers as well.

We have been involved in a lot of research activities over the last five years with regard to production insurance, working with partners across the country—and with the federal government as well—to try to design a livestock production insurance program that would work for producers. We're not there yet. We're getting closer, but we definitely need an amendment to this act in order to make that happen for our producers.

With that insurance that we've looked at as a province, we've done some different studies. Our first one was more of a modelling exercise using theoretical data. We were able to come up with what we thought would work well for a program. We also identified where we needed to start to think differently and about different attributes that an insurance program would offer.

For example, in the beginning, when we started to talk about production insurance, we were talking about the last two stages of production. We weren't talking about the initial stage, which is sows, and we identified very quickly that this was an aspect of production insurance that we would need. We were able to then take that into what we were considering and come up with more of a model that was more inclusive that would benefit all producers in the province.

Just most recently, in 2014, with the national hog mortality insurance task team, we were able to complete an actuary analysis with real farm data, as opposed to theoretical data that we were using.

The Chair (Ms. Soo Wong): Ms. Cronin, can you wrap up your presentation?

Ms. Amy Cronin: I sure will. Again, we feel that, as producers, we are prepared to get to a point with production insurance that we could implement it. We think that with the work that we have done with the federal government it's a possibility in the next 12 months, so we'd like to support the amendment that you're working on right now to include all livestock, not just pork. Thank you.

The Chair (Ms. Soo Wong): Thank you very much. Mr. Barrett, do you want to begin the questioning? You have three minutes.

Mr. Toby Barrett: Yes, Chair. Thank you, Amy. Thank you for presenting on behalf of hog producers. We're certainly aware of diseases that crop up. PED, for example, is the most recent crisis.

I realize you only had five minutes. That's unfortunate. Maybe take a bit of my time and just give us a bit more detail or some other things that you would have liked to have said. I'm concerned: Is there going to be a lot more paperwork on this program? I used to buy crop insurance, and it was a pretty simple process, but do you see any other problems as we get into the regulation on a new production insurance program?

Ms. Amy Cronin: There definitely would be, I think, a little bit more paperwork than there is with the crop insurance, because you're dealing with animals, which is different than crops. But the benefits are that—because hogs are biological, we also have disease. Crop insurance would be something that could directly impact that.

For example, in 2014, we had PED—porcine epidemic diarrhea—enter Ontario. So it would be a year where that program could have helped individual farmers who had PED and were struggling with that virus on their farms. We don't currently have a program in Ontario that will benefit individuals who are suffering or trying to battle through a virus on a farm like PED. Does that answer your question?

Mr. Toby Barrett: Yes, I think so.

Ms. Amy Cronin: I think, though, that we can develop this program, that the paperwork would be simplified, such as the Risk Management Program that we have in Ontario. That's a program that offers a lot of benefit, but the paperwork is not substantial and it's not overwhelming for producers. So I do believe we can introduce production insurance in Ontario, and that it would be effective and not too much of a paperwork burden.

0910

Mr. Toby Barrett: We assume this is something that you've just handed over to Agricorp. Do you see private insurance companies involved or anything like that, as we see in the United States?

Ms. Amy Cronin: Agricorp has worked well for us with regard to the RMP. I know they currently deliver AgriStability and agri-insurance as well, so I know they would be a good candidate. I can't speak to private insurance companies because they don't have experience with that and programs such as this one in agriculture.

Mr. Toby Barrett: Thank you.

The Chair (Ms. Soo Wong): Thank you very much. To the third party: Mr. Vanthof, do you want to begin the questioning?

Mr. John Vanthof: Thanks very much, Amy, for coming to present. You represented your industry very well and you brought a couple of issues, and one that I'm sure most people never thought of: that producers of different commodities within the province compete with each other. You compete for land, you compete—so if you're not all on a level playing field, it hurts the balance of production in the province. That's a very good point that a lot of people don't think of.

I was also encouraged to hear that you're already at the point, nationally, of actuarial analysis of this program. You're a lot further than a lot of people think.

One of the questions we still have—we're fully in support, but as you stated, 40% is funded privately by producers and the other 60% by the government. We are concerned that the 24% or 25% that comes from the province—where that's going to come from, because if that's new money, it's a good thing. If it's money that comes out of the RMP, that might not be of benefit to producers. Could you comment on that?

Ms. Amy Cronin: The Risk Management Program is a program that we value in Ontario, and we would not

want to see that $100-million cap reduced. It's a challenge already, having to deal with a cap of $100 million.

We've worked very closely with the members of the Ontario Agriculture Sustainability Coalition to make that $100 million work. We need to keep in mind that the administrative fees come off the top of that $100 million first, and then it's shared amongst six commodities. To reduce that program even further would reduce the beneficial impacts that the Risk Management Program offers to producers in Ontario.

Can I say where it would come from? No, I can't. I don't have that answer. I would be willing, though, to look at what there is that's being offered in the province and work with you to come up with a solution on that.

Mr. John Vanthof: This is a very tough question, but we are of the opinion that for this to be a serious effort, there is pretty good chance that we're going to need some new money for a program like this, not just take it somewhere out of the Ministry of Agriculture. I think we're pretty well to the bone at the Ministry of Agriculture already. Your comments?

Ms. Amy Cronin: Crop insurance is something that we've been lobbying the federal government for for a long time, and I think that needs to be a conversation that we have with them at the same time.

The main conversation is around equity. They offer it already to some producers in the country, but not to others. To take away from the ones you're going to benefit with a program to create equality flies in the face of equality. That would be my comment.

Mr. John Vanthof: Thank you very much.

The Chair (Ms. Soo Wong): All right. Thank you very much. To the government side: Mr. Potts.

Mr. Arthur Potts: Thanks, Amy. Thanks very much for coming here to downtown Toronto. I believe your headquarters for pork are in Guelph?

Ms. Amy Cronin: That's correct.

Mr. Arthur Potts: And most major product organizations are headquartered in Guelph?

Ms. Amy Cronin: Yes.

Mr. Arthur Potts: But you've come to Toronto. We really appreciate you making the trip. There was some pressure for us to maybe take this committee over to Kemptville. It wouldn't have encouraged any more people to come to delegate, would it have, if we had been in Kemptville as opposed to here or in Guelph?

Ms. Amy Cronin: I won't make a comment on Kemptville specifically, but production insurance is something that we as pork producers find value in. So making a trip to Toronto, I think, is worth it.

Mr. Arthur Potts: Fantastic. Now, you comment about an amendment you'd like to see. Were you just talking about this bill as the amendment to the Crop Insurance Act, or was there a specific act that you'd like to change within the amendments that are being proposed?

Ms. Amy Cronin: No, I've read the amendments that are being proposed to Bill 40, and I support that, so that it includes livestock products.

Mr. Arthur Potts: So as is, it's ready to go at this point, and then we'll enter into negotiations with the various sectors, including pork, if they are interested in taking us up on an opportunity?

Ms. Amy Cronin: That's right. It's important to realize that this just gives us enabling legislation. It's the first step. It allows us to continue the work that we've done on the actuary analysis of production insurance, and then we'd like to work with both yourselves and the federal government on coming up with a program that will benefit producers.

Mr. Arthur Potts: And would you expect, in the context after those discussions, if we come to an appropriate program, that most pork producers would take up the insurance? Would that be your expectation?

Ms. Amy Cronin: Yes. I think it's really important to have farmers involved in coming up with a program that will work for farmers. The Risk Management Program is a really good example of how that has worked in the past. We'll have to be cognizant of how that program is developed and the costs that are involved, but our goal would be to definitely have a program that would be attractive to all of our producers.

Mr. Arthur Potts: If I can pick up Mr. Vanthof's comment about competition, would you anticipate that with product insurance which would cover pork more farmers would take up the production of pork on their farms as an opportunity, because some of the risks associated would have been eliminated or diminished?

Ms. Amy Cronin: I think that when farmers are making expansion decisions, there are a whole lot of factors that come into play there. Starting to bring hogs onto your farm is a whole different part of the business. There are a lot of things that they would need to take into consideration. Having a tool box with tools available to help with predictability and sustainability definitely helps in making some of those decisions.

Mr. Arthur Potts: That's great.

The Chair (Ms. Soo Wong): Thank you very much, Ms. Cronin.

Mr. Garfield Dunlop: A point of order, Madam Chair.

The Chair (Ms. Soo Wong): Yes?

Mr. Garfield Dunlop: Excuse me. We're talking about amendments here. There's some confusion. Has the government got amendments already prepared?

Mr. Arthur Potts: No, no. I was clarifying her comment. She said there were some amendments they would like to see. I just wanted to be clear that she was specifically talking about this as an amendment to the Crop Insurance Act, and not that she wanted to see any changes to that.

The Chair (Ms. Soo Wong): No, no, no. This is the witness doing her comments, and Mr. Potts is asking for clarification.

Mr. Garfield Dunlop: Okay. I'm also asking for clarification, because I was under the impression the government amendments are already out there.

The Chair (Ms. Soo Wong): No. This is the witness presenting her five minutes, okay?

Mr. Garfield Dunlop: I completely understand how it works.

The Chair (Ms. Soo Wong): Okay.

Mr. Garfield Dunlop: Are there other amendments already proposed?

The Chair (Ms. Soo Wong): No, not that I'm aware of.

Mr. Garfield Dunlop: Okay, so we'll be—

Mr. Arthur Potts: Nothing in front of us.

Mr. Garfield Dunlop: Okay. Thank you.

The Chair (Ms. Soo Wong): Not right now.

Thank you very much, Ms. Cronin.

Ms. Amy Cronin: You're welcome.

ONTARIO SHEEP MARKETING AGENCY

The Chair (Ms. Soo Wong): Our next witness is the Ontario Sheep Marketing Agency: Ms. Jennifer MacTavish, the general manager. Good morning.

Ms. Jennifer MacTavish: Good morning.

The Chair (Ms. Soo Wong): Good morning, Ms. MacTavish. As you heard, you have five minutes for your presentation. This round of the questioning will begin with the third party. You may begin any time. Please identify yourself and your position with the Sheep Marketing Agency. Thank you.

Ms. Jennifer MacTavish: Sure. My name is Jennifer MacTavish, and I'm the general manager for the Ontario Sheep Marketing Agency. I want to start by thanking you for the opportunity to be here this morning to comment on Bill 40, amending the Crop Insurance Act.

The Ontario Sheep Marketing Agency, or OSMA, is excited to have the potential to have production insurance opened to livestock producers. The ability to expand the suite of risk management tools that are available to sheep producers is something that OSMA is committed to, and we look forward to working with the government on developing a program that's going to meet producer needs.

I just want to preface my comments by saying I'm going to couch them within a bit of an industry outline because I am aware that not everybody is familiar with the sheep industry in Ontario.

We'll start with a little history lesson, I guess. In 2003, the border closed due to mad cow disease. That impacted all ruminant animals, including sheep. In the immediate aftermath we saw a drop in prices and our ewe flocks shrink. Since then the industry has been struggling to rebuild its flock, keep the industry infrastructure in place and fill its market share.

Between 2003 and 2007, the percentage of sheep that were produced in Ontario dropped by 43%. At that same time, demand for product grew by 30%. That gap was filled by a 51% increase in imported product, primarily from New Zealand. An integral part of OSMA's strategic plan in the next five years is to build and implement programs that will enable sheep producers to prudently increase their production.

In 2013, the agricultural sector was challenged to double its annual growth rate and create 120,000 new jobs. In response to this challenge, the sheep industry set a target to increase its ewe population by 20%. This would equate to an additional 52,000 Ontario lambs in the market. Each additional lamb in the market generates $1,160 in economic activity, so to have 52,000 more lambs in the market means we're going to be generating over $60 million for Ontario's economy.

Currently, Ontario's sheep producers only supply 22% of the local demand for product; 20% will come from out-of-province lambs, primarily from the west, and the remaining per cent comes from New Zealand and Australia. Last year, for instance, we imported over 18 million kilograms of lamb, totalling over $165 million.

0920

The price fluctuations that characterize commodity markets do little to provide our producers with the confidence they need to make solid investments into their business. The uncertainty that comes with being a price-taker makes it difficult for producers to expand their production and capture more of this market share.

The development of a production insurance program would be an invaluable addition to the industry's risk management tool box. While price predictability and RMP work to address financial risks, production insurance would help manage production risks, such as death losses and abortions. The industry would look to tailor the program to target the issues that producers are facing, so that they can prudently expand their production and ensure that the identified and quantified increased demand for Ontario lamb is being met.

This increase in production is also important for Ontario's processing sector. Having more Ontario lambs supplied to them will help ensure that they remain in business, and it will keep jobs in Ontario and contribute to a strong Ontario economy.

Currently, producers are getting the clear message from processors and retailers that the Ontario lamb sector is simply not supplying enough product to match the retailers' demand. A producer who is currently marketing direct to a packer told us, "Our partners tell us they have high demand for our quality-assured Ontario product. They are asking us for more than triple what we are currently shipping in order to supply the volume consumers are asking for and" the efficiencies they need to run their businesses. In fact, it's conservatively estimated that the market is undersupplied by 48,000 lambs a year, which is 900 lambs a week.

A new ethnic market study commissioned by Ontario Sheep supports the rise in demand being reported by processing plants. The report indicates that "freshness was ... a leading quality attribute, and the majority of respondents found Ontario-produced lamb to taste and smell better than imported product."

Most encouraging in all of this is that lamb producers can increase production, put more Ontario lamb on retail store shelves and not impact the demand for any other protein.

OSMA is committed to continuing to provide producers with access to risk management tools that create an

environment of confidence for them to expand their business. With this in mind, we are excited to see there is an appetite to have production insurance opened to livestock producers. We look forward to working with you to develop a program that will meet our industry's needs. Thank you.

The Chair (Ms. Soo Wong): Thank you very much. Mr. Vanthof, do you want to begin the questioning?

Mr. John Vanthof: Thank you, and thanks, Jennifer, for making your presentation. I think a lot of people didn't realize, and don't realize, how big of an impact that BSE had on the sheep industry.

Ms. Jennifer MacTavish: It still does, yes.

Mr. John Vanthof: And still does. On the cattle side, everyone—because of its mad cow disease connotation, people who weren't even in agriculture kind of understood what a lot of people didn't understand from the sheep industry. One thing about the sheep industry that's probably different—from my personal experience in my riding, I have a lot of people who are getting into agriculture with the sheep industry, because it's a lower cost to get in than a lot of other sectors.

Ms. Jennifer MacTavish: Yes, that's true.

Mr. John Vanthof: And it's very important to the province.

My question is probably going to be the same question all day. We're fully in favour of this change to the legislation. Where the rubber is going to hit the road is where the provincial part of the money is going to come from. As you know, it's 40% private and the other 60% is provincial and federal. The feds have the most, but the province has about 26% of the cost of this insurance program that they have to come up with. What we're concerned with, because we haven't heard any different, is that this money very well might come out of another agriculture program. It could come out of risk management. We'd like your comments on that.

Ms. Jennifer MacTavish: At the risk of sounding like I'm passing the buck, I'm going to echo the comments that Amy made earlier in her response. We are committed to the Risk Management Program. It is a program that is serving the needs of our industry. Producers are on board with the Risk Management Program, and we are making it work, even with the cap, so I would not generally be in support of tapping into RMP money to support a crop insurance program.

That said, I would be in support of finding some other alternatives, talking to the federal government and investigating ways that we can make this work, because I think that this is important for the industry.

Mr. John Vanthof: And as for the rest of the Ministry of Agriculture, do you see any areas in the ministry now—that there's a lot of fat in the ministry now compared to, let's say, 10 or 15 years ago?

Ms. Jennifer MacTavish: Well, 10 or 15 years ago, unfortunately, I wasn't working in Ontario, so I'm—

Mr. John Vanthof: Oh, okay.

Ms. Jennifer MacTavish: —and I don't have access to their books, so I'm not really sure that I can adequately answer that question, other than to say that from my experience in the last two years, I've found the industry to be adequately meeting our needs. I'm not sure exactly where we would go to find the extra money.

Mr. John Vanthof: Thank you very much.

The Chair (Ms. Soo Wong): All right. Thank you very much. Ms. Albanese, do you want to begin this round of questions for the government side?

Mrs. Laura Albanese: I thank you for doing that overview of the industry. I think that, as a consumer, you often wonder why New Zealand products are cheaper. We appreciate the industry from one end, but we don't know—coming from an urban riding, I see it more from the consumer side, so thank you for that. I see that the industry has grown at an impressive rate, so I want to congratulate you in that regard.

I wanted to ask you: What contribution do you think the Ontario Sheep Marketing Agency will play in reaching the Premier's agri-food challenge?

Ms. Jennifer MacTavish: I think we're well positioned. We know that demand for our product is going to grow within the next 20 years, simply by the immigration trends that are coming in—the people who are coming into Canada. They're coming from cultures that eat upwards of six kilograms of lamb per year, in comparison to Canadians, who eat maybe one kilo a year. We're well poised, once we get the right tools in place for the producers.

We do have producers who are currently setting up value chains with processing plants and retail stores to help with some price stability. In the last three years, they've gone from supplying 50 lambs a week to supplying over 200 lambs a week. It has generated five new jobs for that processing plant and $2.75 million for the Ontario economy. If we can keep that trend, I think that we're going to be great contributors to meeting the goal that has been set out.

Mrs. Laura Albanese: And how has the government helped in this growth?

Ms. Jennifer MacTavish: Primarily, the support has been in the Risk Management Program—

Interjection.

Ms. Jennifer MacTavish: Sorry.

Mrs. Laura Albanese: No, I was just trying to get the attention of the Chair.

Ms. Jennifer MacTavish: Okay.

Primarily, the supports come from the Risk Management Program. In the last couple of years, we saw lamb prices bottom out. They were quite low through 2013, and it was during that time that producers were expanding their flocks. The producers who were doing that to meet the retailers' demand were largely enrolled in that Risk Management Program. The ability for them to manage their input costs to some extent, and the prices that they're getting paid, are definitely something that helps them with their expansion.

Mrs. Laura Albanese: That's good.

The Chair (Ms. Soo Wong): To Ms. Vernile?

Mrs. Laura Albanese: I will forgo my next question.

Ms. Daiene Vernile: Thanks, Jennifer. This is very timely and topical, talking about lamb, with the Easter weekend coming up. You've told us that there is tremendous potential for growth, that there is this huge demand for your product. How do you scale up quickly to meet that?

Ms. Jennifer MacTavish: Yes, it's a problem. It's definitely a challenge. We don't want to scale up too quickly, because you end up with what we call in the industry "train wrecks." You bring breeding ewes into your flock that you might not have otherwise. You have to make sure you're selecting the right stock.

What we're doing to help producers scale up and be prudent around their expansion is, we're providing courses like the master shepherd course. We've targeted producers who've been in the industry for about three years and who have about 300 ewes and want to go up to 1,000. We talk to them about how you feed that many ewes, how you handle them, what kind of resources you need and how you select your breeding stock. It's basically a 12-module course.

The industry did this course back in the late 1980s, and the producers who graduated are now what we would consider our large-flock producers. They all have about 800 to 1,200 ewes, and they're committed to the industry they're in. We're trying to help producers, from a management perspective, to increase in a way that's going to be sustainable for them.

Ms. Daiene Vernile: Where were you before Ontario?

Ms. Jennifer MacTavish: Where was I before Ontario?

Ms. Daiene Vernile: Yes.

Ms. Jennifer MacTavish: I worked for the Canadian Sheep Federation.

Ms. Daiene Vernile: Okay. Thank you.

The Chair (Ms. Soo Wong): All right. This round is Mr. Barrett.

Mr. Toby Barrett: Thank you, Chair, and thank you, Jennifer. I haven't had a rack of lamb since dinner last night.

Ms. Jennifer MacTavish: You should have a leg for Easter supper, I hope.

Mr. Toby Barrett: I grew up with Shropshires, but I also grew up with blowflies and all those parasitic worms, stomach worms and all that kind of stuff. That's part of it.

I'm wondering how production insurance could help the large owners and how it would help the very small owners as well. The beginning people: Maybe they don't have the management tools or the fences or what have you.

Secondly, predators—coyotes and dogs. We lost so many to dogs. There are solutions to that I won't talk about, but I want to know—the municipal covers some of that. Should we rethink the provincial-municipal approach to predator control?

0930

Ms. Jennifer MacTavish: Wow, that's a whole other discussion. I'll just say that one of the main frustrations, and I would say one of the most emotionally taxing things, for a sheep producer is the predation problem. There is nothing worse than walking into your field and seeing the aftermath of what a kill has done. It's the closest I've ever seen producers to crying, even when lamb prices are really low.

I would say that we do need help in controlling predators, and the relationship that we have now with municipalities in providing compensation for animals that have been preyed upon is an important tool for producers. I'll just throw a pitch in here for the relaxing cable constraints that the Ministry of Natural Resources is testing right now. They would be immensely welcomed by the industry as a way of controlling predators.

Parasites and access to medications: We have such a small industry that it's difficult for us to get products approved for use in sheep. So basically most of our animals are organic, because we don't have anything we can use on them.

Mr. Toby Barrett: I'm sorry; I couldn't hear you.

Ms. Jennifer MacTavish: They are organic.

Mr. Toby Barrett: Organic?

Ms. Jennifer MacTavish: We don't have any drugs that we can easily use to treat animals for parasites. What we're doing is looking at breeding genetic resistance to parasites into the sheep flock. It's something that they are doing in New Zealand right now, and we have put in a funding proposal for that, so that we can look at breeding in resistance for the flock.

Mr. Toby Barrett: And the very small producers—is there going to be any barrier as far as them getting into this again?

Ms. Jennifer MacTavish: Yes.

Mr. Toby Barrett: Filling out the forms—they may not have an accountant to fill out the forms.

Ms. Jennifer MacTavish: It's a huge barrier for new entrants. Even right now, bankers don't always understand the sheep industry. Most of the people who are coming into the sheep industry right now are actually coming from supply-managed farms. They can't afford to get in and take over their parents' quotas, but they want a farm, so they start farming small ruminants: sheep or goats. That's our biggest entry of producers right now.

Anecdotally, I'll tell you I was at the small ruminant club at the University of Guelph, and it was standing room only. There were students sitting on the ground wanting to know about the industry and the prospect of the industry. So there's lots of enthusiasm; it's just giving them the tools they need to get in.

The Chair (Ms. Soo Wong): All right. Thank you very much, Ms. MacTavish.

Ms. Jennifer MacTavish: Thank you.

ONTARIO FEDERATION OF AGRICULTURE

The Chair (Ms. Soo Wong): The next witness is the Ontario Federation of Agriculture: Mr. Don McCabe. Good morning. Oh, you have some more colleagues

coming to join you. All right. So, Mr. McCabe, welcome. I'm not sure you were here when I made the introductions. Your group will have five minutes for your presentation, followed by questioning from each of the parties, and each of the parties will have three minutes.

Before you begin, can you please introduce yourself and your position, and also your colleagues who are also presenting with you? Thank you.

Mr. Don McCabe: Thank you very much. We, the Ontario Federation of Agriculture, welcome this opportunity to appear before a committee here. My name is Don McCabe. I currently serve as president of the Ontario Federation of Agriculture. To my right is a fellow director from the Waterloo area; his name is Mark Reusser, and he serves on our executive. To my left is Bruce Buttar, a fellow director who is from the Northumberland county area.

The Ontario Federation of Agriculture represents 37,000 farmers and farm families from across Ontario. We are not a commodity-specific organization. We are a general farm organization, which means that when it comes to, like, your last presentation—we don't mess around with sheep issues, because those guys know what they're talking about. Our job is to worry about things in the more general sense of agriculture, whether it's insurance programs, energy or land use, and so on and so forth.

Coming to the crux of being here today and looking at Bill 40, An Act to amend the Crop Insurance Act: Bill 40 will make much-needed amendments to the Crop Insurance Act. It proposes to replace the term "agricultural crops and perennial plants" with the broader term "agricultural products" throughout the Crop Insurance Act, Bill 40. Bill 40 also proposes to rename the act itself to be called the Agricultural Products Insurance Act.

The Ontario Federation of Agriculture fully supports Bill 40 because the replacement term will enable more insurance plans to exist. Currently insurance plans for livestock and bee mortality are not possible under the current act, because they are neither crops nor perennial plants.

The 2003 federal-provincial Agricultural Policy Framework—the APF, as it was known back then—rebranded crop insurance at that point as production insurance and offered federal funding for premiums on eligible livestock insurance plans, which has meant that Ontario has not made use of those opportunities yet under our current framework. Therefore, Bill 40 will enable production insurance beyond crops and perennial plants in Ontario, as is the case in all other provinces in this country.

With that, I close my remarks, because at the end of the day, the Ontario Federation of Agriculture is very much in support of this bill, wishing to see it move ahead rapidly and allow producers to garner another level of protection that's absolutely necessary in today's volatile and interesting marketplace.

The Chair (Ms. Soo Wong): Thank you very much. Ms. Hoggarth.

Ms. Ann Hoggarth: Good morning, Don. I haven't seen you in a long time—since last night. Thank you for coming to Barrie for that forum.

Also, thank you for your presentation—even though it was short, obviously you support this bill—and thank you to you and all your members for what you do for the people of Ontario, for our GDP and for the economy. We really appreciate it. I, as a new member, did not realize how important the farming industry was to the GDP, and I thank you very much.

The agri-food sector is an important driver of the Ontario economy and a staple of our government's plan to help build Ontario up. How has this government helped to grow the industry?

Mr. Don McCabe: Well, I think that if this particular bill moves ahead, it will be offering a necessary addition of coverage to insure perils, where farmers are out there facing elements or things beyond their control. Being able to level the playing field with our competition is always vitally important.

With regard to future endeavours by this government, I would hope that they would very much look at the issue of ensuring that we stay on a competitive, level playing field with our colleagues: that, whether or not it's the discussion of the Great Lakes Protection Act and what some of our surrounding states do or whether it is issues of climate change, we look at the world as we move forward there. There will be a continued opportunity here for the government to illustrate its commitment to agriculture issues, ensuring that our industry is able to continue to lead in the economics of Ontario.

Ms. Ann Hoggarth: Thank you.

Mr. Arthur Potts: Don, thank you for being here. You've been a great asset to me, as a downtown urbanite, getting to better appreciate what's happening in the province in agriculture, and I appreciate it.

When you think about the suite of opportunities and the various different products that this will create opportunities for, where do you see some of the priorities for the province?

Mr. Don McCabe: Well, Ontario produces 200 different commodities. California is producing 400, but when I bring the California thing up, it's the issue of illustrating what climate and water can do for you. And we know where the water's at in California.

The issue here is that I do not expect this particular change to this act to ensure that there's coverage for all 200 commodities that are out there, because some of the commodities that are out there that get counted would be able to fill only the area of this room—spearmint, for example—and that's all we need, because we have to make sure that these plants will be operational and work properly. But at the end of the day, it's the opportunity, again, to extend much-needed coverage to producers, who will have a better opportunity to participate in a volatile marketplace.

Mr. Arthur Potts: We look forward to those discussions.

The Chair (Ms. Soo Wong): Ms. Vernile.

Ms. Daiene Vernile: Thank you very much, Don, for informing this committee on how this proposed legislation is going to affect you and the people you represent. Sitting beside you is a gentleman from my neck of the woods: Mark. Do you have anything to add to this?

Mr. Mark Reusser: I'm not sure there's much more than what Don has already said. We speak with one voice.

Ms. Daiene Vernile: But I gave you the opportunity. We'll connect later.

Mr. Don McCabe: Unfortunately, he's the boring one.

Laughter.

Mr. Mark Reusser: I would add one thing, and that is that when one looks at the possible increased costs of this program, we would hope that you don't rob from another portion of agriculture in order to support this one. If there are increased costs, it needs to be new money.

0940

The Chair (Ms. Soo Wong): Okay. Thank you very much.

Mr. Barrett?

Mr. Toby Barrett: Thanks, OFA, for the work you do and the volunteer time you put in.

I've talked to a number of livestock fellows and gals and cash-crop people since this legislation was introduced, and there seems to be not a lot of interest, or it's almost maybe that the assumption is, "Well, it's just going to kind of roll over like crop insurance, like we saw ginseng added to crop insurance, so we'll just see livestock added to this."

I'm a little worried because, in dealing with livestock, I'm just wondering about the complexities that we may have to deal with down the road. We can hand this over to OMAFRA or Agricorp, but I'm just concerned. Can you envision any snafus that may come down the road as we try and bring in hogs or try and bring in honeybees, for example?

Mr. Don McCabe: I think it will be an issue of due diligence on maintaining our job as watching this framework turn into reality. You can always end up with the greatest of principles being totally ruined by the other aspects of power that are placed into a framework.

I think the disinterest right now is maybe—and I'm interpreting your words there, Mr. Barrett, to say "the issue of disinterest."

I think the reality is that, as farmers, there's always another job to do. This one isn't top of mind right now, because there's not enough there to actually make the analysis of the business case, to ensure that this thing is properly structured.

Believe me, it only takes one misstatement by anyone to really, really get the attention of the rural community, and my phone lights up, the phones light up at the OFA, and my colleagues' phones light up.

Therefore, we're going to have to wait to see what the proof is in the pudding. But we definitively want to ensure that this puts Ontario farmers on a much more competitive edge than they currently are.

Mr. Toby Barrett: We go on trust. I mean, we support this. I used to buy crop insurance, and it was relatively seamless. I had a great neighbour who sold it to me, and we'd have a chat, and things worked well.

I'm just trying to visualize how the program would look. I know there are some programs in the United States, livestock programs, mainly in the west, to deal with drought and things like that—not necessarily an ad-hoc program, as I understand. We've seen the experience with ad-hoc programs. But are there any models out there, or in Europe or anywhere, that anybody knows about, that we can look to, to try and visualize or to bring this program along to be the best program possible?

We know there have been problems in the past at Agricorp with certain programs, or things fall through the cracks.

Mr. Don McCabe: One thing I've noticed about the history of the world is that when you get humans involved, there can be a screw-up. The reality becomes that we need to learn from every mistake that has been made previously, and we have nine other provinces right now that we can draw on, to make sure we pick the best and leave the rest.

When it comes to livestock insurance in particular, I would probably lean on Alberta, because I know that part of their programs allow opportunities. Therefore, the fact that you're carrying livestock insurance now opens the door for you to cover off liabilities or other concerns of the lending institutions, that you have shown due diligence to protect your own assets.

Mr. Toby Barrett: Okay.

The Chair (Ms. Soo Wong): Okay, that's great. Thank you.

Mr. Vanthof?

Mr. John Vanthof: Thanks, Don, for making the time to come here and enlighten us and for your always-direct comments.

One thing, and you alluded to it—this program has actually been approved by the federal-provincial ministers' conference in 2003. So we're 12 years later, moving at lightning speed.

But I think where the rubber's going to hit the road is where the money is going to come from. Once the negotiations are finished with, or as negotiations are engaged with various livestock groups, at the end of the day, where's the money going to come from?

We know that likely 40% is going to come from private, from the livestock groups, which is fine. If the structure is anything like current crop insurance, it will be about 35% from the feds and the rest from the province.

My question: Where could that money come from, and what would be the impact if that money came from the Risk Management Program?

Mr. Don McCabe: The Risk Management Program cannot be touched; it should be enhanced. That's the same place for the money for the issue of a crop insurance program, because crop insurance, or livestock insur-

ance or any type of insurance program, is not the Risk Management Program. The Risk Management Program addresses pricing this, and deals with natural perils.

The monies that are here—if there is an illustration of commitment by the farmers that are involved with these commodities to put their money up, I would only hope that society as a whole has already recognized the need to do this, and the federal government is speaking on their behalf to put up monies, and that the province would come up with the necessary additions to achieve this end, because it will not be big numbers at the end of the day in comparison to some of the other needs that we face in this province at this time.

Mr. John Vanthof: Thank you, Don.

The Chair (Ms. Soo Wong): Thank you very much, Mr. McCabe, and all your colleagues for being here.

Mr. Don McCabe: Thank you.

The Chair (Ms. Soo Wong): I believe that's all the witnesses we have. I believe we're going to call the meeting to an in camera session. We've got some issues that we have to address. Can we ask everybody to leave the room? Thank you.

The committee continued in closed session from 0947 to 0955.

The Chair (Ms. Soo Wong): I'm going to adjourn the committee, and we're going to resume on Tuesday, April 7. Thank you.

The committee adjourned at 0956.

CONTENTS

Thursday 2 April 2015

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Présidente
Ms. Soo Wong (Scarborough–Agincourt L)

Vice-Chair / Vice-Président
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)

Mrs. Laura Albanese (York South–Weston / York-Sud–Weston L)
Mr. Yvan Baker (Etobicoke Centre / Etobicoke-Centre L)
Mr. Victor Fedeli (Nipissing PC)
Ms. Catherine Fife (Kitchener–Waterloo ND)
Ms. Ann Hoggarth (Barrie L)
Mr. Monte McNaughton (Lambton–Kent–Middlesex PC)
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)
Ms. Daiene Vernile (Kitchener Centre / Kitchener-Centre L)
Ms. Soo Wong (Scarborough–Agincourt L)

Substitutions / Membres remplaçants
Mr. Toby Barrett (Haldimand–Norfolk PC)
Mr. Garfield Dunlop (Simcoe North / Simcoe-Nord PC)
Mr. Arthur Potts (Beaches–East York L)
Mr. John Vanthof (Timiskaming–Cochrane ND)

Clerk / Greffier
Mr. Katch Koch

Staff / Personnel
Ms. Susan Viets, research officer,
Research Services

F-17 F-17

ISSN 1180-4386

Legislative Assembly of Ontario

First Session, 41st Parliament

Assemblée législative de l'Ontario

Première session, 41e législature

Official Report of Debates (Hansard)

Journal des débats (Hansard)

Tuesday 7 April 2015

Mardi 7 avril 2015

Standing Committee on Finance and Economic Affairs

Comité permanent des finances et des affaires économiques

Agriculture Insurance Act (Amending the Crop Insurance Act, 1996), 2015

Loi de 2015 sur l'assurance agricole (modifiant la Loi de 1996 sur l'assurance-récolte)

Chair: Soo Wong
Clerk: Katch Koch

Présidente : Soo Wong
Greffier : Katch Koch

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

http://www.ontla.on.ca/

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario

Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Tuesday 7 April 2015

Mardi 7 avril 2015

The committee met at 1301 in the Delta Guelph Hotel and Conference Centre, Guelph.

AGRICULTURE INSURANCE ACT (AMENDING THE CROP INSURANCE ACT, 1996), 2015

LOI DE 2015 SUR L'ASSURANCE AGRICOLE (MODIFIANT LA LOI DE 1996 SUR L'ASSURANCE-RÉCOLTE)

Consideration of the following bill:

Bill 40, An Act to amend the Crop Insurance Act (Ontario), 1996 and to make consequential amendments to other Acts / Projet de loi 40, Loi modifiant la Loi de 1996 sur l'assurance-récolte (Ontario) et apportant des modifications corrélatives à d'autres lois.

The Chair (Ms. Soo Wong): Good afternoon, everybody. Welcome to the Standing Committee on Finance and Economic Affairs. We are assembled here in Guelph this afternoon to hold public hearings on Bill 40, An Act to amend the Crop Insurance Act (Ontario), 1996 and to make consequential amendments to other Acts. As ordered by the committee, each witness will be offered five minutes for their presentation, followed by nine minutes of questioning from the committee members, or three minutes per party.

CHRISTIAN FARMERS FEDERATION OF ONTARIO

The Chair (Ms. Soo Wong): Any questions from the committee members before we begin? Seeing none, at this point I'm going to call the Christian Farmers Federation of Ontario. I believe we have Lorne Small, the president, here. Mr. Small, welcome. You can just sit right there in front of the microphone.

When you begin, Mr. Small, can you please identify yourself and your position with your organization for the purposes of Hansard? That would be great. Thank you and welcome.

Mr. Lorne Small: Good afternoon. I am Lorne Small, president of the Christian Farmers Federation of Ontario. It's a delight to be here to make a presentation to the standing committee. Welcome to Guelph. Usually when we make a presentation to you folks, we have to go to the big city, so this is quite a pleasant change. We're kind of fond of Guelph here, and it's nice to see some of my friends and colleagues that I've worked with over the years here as well.

The Christian Farmers Federation of Ontario is an accredited general farm organization operating in the province of Ontario, representing the interests of over 4,100 farm families in the province. Our organization is in full support of the legislative changes proposed in Bill 40. For farmers who produce livestock and run uninsurable specialty crops the question is, why has this taken so long? For many years there have been indications from many legislators that this bill was on their to-do list, but it never happened until now. We would urge you to move it along as expediently as possible. This is an important new vehicle for farmers to manage risk. With better risk management tools, farm families can invest and grow their businesses and help Ontario prosper.

We realize that these proposed changes are only enabling legislation; however, it does allow for expanded risk management beyond the traditional insurable crops. It would be up to the farm community to make the case for the expanded insurance that this legislation will now permit. We fully expect that some of the ideas put forward in the future will not meet the criteria established by the minister, but other ideas will meet the threshold. Some ideas that do not meet the test today may, in fact, meet the test as conditions change in the future. This more inclusive legislation, at the very least, will open the door for intelligent discussion as to how farmers can best manage their risk exposure.

We have talked to a number of our members about expanding crop insurance and some potential ideas have emerged.

Insurance for the honeybee industry: In recent years, some beekeepers have experienced major losses of their colonies, while neighbouring apiaries have had no such experience. The province has provided some assistance on an ad hoc basis, but a consistent, longer-term insurance program would be much more bankable and provide more comfort to the creditors that farmers depend upon.

Insurance for catastrophic livestock diseases: The pork industry has been hit with a new catastrophic disease that we now know as PED. It's lethal to young pigs, killing thousands of piglets in the last 18 months in Canada and the United States. Governments have provided some assistance on an ad hoc basis to affected pork producers. However, an established, consistent insurance program

would be more bankable. The cattle and sheep industry has been hit with catastrophic disease incidents, notably BSE in 2003, that devastated the industry. Government did provide assistance on an ad hoc basis, which was sincerely appreciated, but here again, a stable, bankable program with clear outcomes would be preferred to ad hoc programs.

Insurance for catastrophic poultry diseases: The poultry industry is vulnerable to several bird diseases that can kill thousands of birds in just a few hours. Regardless of how rigorous the bio-security protocols in place are, outbreaks do occur. Currently, we see avian flu outbreaks in Montana, Dakota and, as of yesterday, Woodstock, Ontario. Compensation is already provided for "reportable diseases," but not all poultry losses are classed as reportable. Insurance would provide a tool to reduce the risk that farmers face.

Insurance for predation: Sheep and beef cows calving on pasture are very vulnerable to coyote kills. The province has for many years compensated producers for wildlife deaths. Many other provinces do not provide compensation. Sometimes the compensation rates have been close to market values; sometimes they fall short. A few people have floated the idea that converting this program to an insurance program would allow compensation to be more predictable and might also reduce payments to producers who neglect to use industry-standard preventive practices.

Insurance for world exotic diseases invading Canada: Climate change is a big unknown for farmers. More extreme weather patterns may bring new diseases to our country. Our Canadian population now comes from all corners of the planet and frequently travel back to those regions, making Canadian farmers vulnerable. In the past, our harsh winter weather has prevented many tropical and world diseases from coming to Canada. That protective curtain is now threatened. We do not know what future disease mutations may be a challenge to our farms and food supply. We thought measles was eliminated from our human population. It is possible that animal diseases that we assume are conquered will make a comeback. Will we read names from the past, such as Newcastle disease, bluetongue, Q fever, blackleg etc. in the headlines of our newspapers? If so, insurance coverage would be preferred to begging governments for a new ad hoc program.

Insurance for the maple sugar industry: Maple syrup producers are very dependent on the weather. Climate change has the potential to enhance production and, in some years, to devastate production as well. Investment in the industry may depend on having risk management tools available to them.

There are two caveats we would like to add: The expansion of the program to include non-crop farm production will not reduce the financial support for existing insured crops, and, lastly, insurance coverage is not used as a crutch for management practices that do not meet modern standards.

Thank you for this opportunity to share our ideas and suggestions with you. I look forward to your questions.

The Chair (Ms. Soo Wong): Thank you very much, Mr. Small. We begin this round of questioning with the official opposition party: Mr. Arnott or Mr. Pettapiece.

Mr. Randy Pettapiece: Yes. Thank you, Chair. I've only got a couple of questions, and one has to do with the sheep business. Is scrapie a prevalent disease in sheep now, or has it pretty much been eliminated?

Mr. Lorne Small: As sheep producers, we like to think it has been eliminated. It's still around and probably will be around forever. There's a sophisticated management program out there. There are protocols to eliminate it from your flock, but it has just been around and it's one of those ones that I don't think is going to go away. It takes so long to incubate that it's hard to—they get infected and it's five or six years later before you know that they're infected. Barring a massive search program to check every sheep in Ontario, it's going to be with us. It's not a catastrophic disease; it's just a real ugly nuisance, but it has that link to BSE that people are uncomfortable with.

1310

Mr. Randy Pettapiece: And slaughter is still the only means of getting rid of it if you have it.

Mr. Lorne Small: Yes, and hopefully they don't bury them on their own farm, because it lingers in the soil.

Mr. Randy Pettapiece: Okay. The next thing I'd like to talk about is coyotes. Have you seen the population of coyotes expanding and getting bigger than it was in a few previous years?

Mr. Lorne Small: I have a little different take than most people on coyotes. I believe they're manageable. We have sheep and we have a den of coyotes living in the gravel pit in the farm behind us. I call them "my coyotes." I try to leave almost a managed system. I leave fencerows so there are rabbits for them to eat in the wintertime. I would rather they learn to eat things other than my sheep.

I also fence for coyotes; everything is protected with an electric fence. In 25 years, I have not had a coyote strike, but we have neighbours who didn't invest in the proper technology to prevent it, and they're teaching my coyotes to eat lamb. I'm not happy about it. That's why some of the comments in there—with a good insurance program, as we talked about here, the bad actors would not be eligible for compensation. Now they are.

The Chair (Ms. Soo Wong): I think Mr. Arnott has a question. There's only one more minute left for your round.

Mr. Ted Arnott: No, you go.

Mr. Randy Pettapiece: Just one short question: On the bee issue, is that something that you would relate to beekeepers, that maybe sometimes it has been a management problem more than an insecticide problem?

Mr. Lorne Small: There are four problems for the bees. One of them may be insecticide. One of them is substandard management. Another is a tremendous

change in the crops that we grow—biodiversity. So there's more than one issue.

I have a lot of empathy with the beekeepers; I'm a beekeeper myself.

The Chair (Ms. Soo Wong): Thank you very much. I'm going to go to Mr. Vanthof; sorry. Mr. Vanthof, you have questions?

Mr. John Vanthof: Yes, I do. Thank you very much for coming, Mr. Small. Hopefully we can make this a repeat performance of bringing the government to Guelph, to agriculture, as opposed to the other way around.

One thing I'd like to focus on is one of your caveats. As you know now, the crop insurance program under the current regime is 40% paid for by the private sector, the farmer; 26% by the province; and the remaining 34% by the feds, roughly. If you're going to increase the amount of products covered, the main question is: Where is the money going come from, specifically at the provincial level? What are your comments if that money was to come from the Risk Management Program? Would that be a benefit or a net loss to agriculture?

Mr. Lorne Small: I look at it coming from the same risk management envelope, as crop insurance is part of the risk management system as well. I did make the comment in there that we didn't want the grains and oilseeds sector to suffer because we add bees and sheep to the equation. I was just hoping that as Ontario grows and prospers, there would be more money in the pot for everyone.

Mr. John Vanthof: I think you and I would be in agreement with that. That's one of the worries with this—we're fully in favour of this change. As you mentioned in your presentation—which was very comprehensive, by the way—it's high time this happened. But where the rubber is going to meet the road is: Who pays?

One thing you mentioned a couple of times is that it's predictable. I can remember when risk management was put together by the various stakeholders and the government. One of the things was that it was bankable and predictable. Then right after that, it was capped at $100 million, and it no longer was—it's a good program, but it's no longer bankable or truly predictable. If the Risk Management Program is further weakened by transferring money to this, in our opinion it's a net loss to farmers.

Mr. Lorne Small: There is perhaps another avenue, and that is if the grains and oilseeds sector invest personally in their own risk management program and mitigate some of the losses so there isn't nearly the exposure. In fact, the number of claims that you need to meet that need is reduced.

I think that, with the warnings from global warming, there may be more diversification and other kinds of things in the grain and oilseeds sector that would reduce the demand for public support for some of those programs. That's a long shot, but I see a lot of changes coming. A lot of very good, professional folks in that industry were making great gains in having a more reliable crop each and every year, and less crop disasters than we've experienced—

The Chair (Ms. Soo Wong): Okay, Mr. Small, I'm going to turn to the government side.

Mr. Baker, do you want to ask a question?

Mr. Yvan Baker: Thanks so much for coming in today. It's a thrill for us to be here. I'm from a riding called Etobicoke Centre, which is on the west side of the city of Toronto. It's a suburban riding. I'm thrilled to be here today. I know all my colleagues are, as well.

My question was—if you could just step back and share a little bit. You talked a little bit about the ad hoc support the industry has received from government over the past few years. You've got this bill. Are there other ways in which the government supports this sector, and which of those, if any, are important?

Mr. Lorne Small: I guess there are a lot of ways the government supports agriculture. And I'm very familiar with where Etobicoke is. I lived for many years in downtown Toronto, and the business we operated was in Scarborough, so welcome to the Scarborough MPPs. That's the place in the greater Toronto area where the work gets done. The thinkers and planners live in Toronto, but when you want to get the job done, you go to Scarborough.

The Chair (Ms. Soo Wong): I told you.

Mr. Yvan Baker: I think we have some thinkers and some doers in Etobicoke, too.

Mr. Lorne Small: My allegiance is to Scarborough.

Mr. Yvan Baker: I completely understand that. Soo and I have this discussion all the time.

Mr. Lorne Small: But Etobicoke comes—maybe after Toronto. It's third.

Mr. Yvan Baker: I won't hold that against you.

Could you just share, for those of us who aren't as familiar with the sector, a little bit about how the government supports the sector and what supports are the most important?

Mr. Lorne Small: Some of us remember, before crop insurance came into being, back in the early 1960s, where you had variations in weather, and all of a sudden the government was responsible for putting ad hoc programs together. I remember working in Northumberland county at the time. One township got coverage, and because the rain gauges weren't quite the same in Hastings county, they didn't get the money. It was a very nasty fight between two townships.

That's the kind of thing that encouraged people to put crop insurance in place: "These are the rules. Everyone follows the rules." You're not dealing with ad hoc programs all the time. I think farmers, as a general group, would prefer not to need government assistance for ad hoc programs. We'd prefer to build our businesses, which are resilient, and we need to get there. It's almost a follow-up to the comment I made to John. Let's build our businesses more resilient. I think all businesses are starting to look at that, and agriculture needs to get there as well.

This is one of those areas where we can, in fact, encourage people, through insurance, to plan ahead and preferably not claim insurance, ever. We insure our buildings, and the last thing you want to do is to have your house burn down so you can claim insurance. That's the strength, I think, of moving on the insurance route: Good operators can get insurance. If you're a sloppy operator, sorry; you don't qualify.

The Chair (Ms. Soo Wong): Okay, Mr. Small. Thank you very much for your presentation and for answering the questions.

GRAIN FARMERS OF ONTARIO

The Chair (Ms. Soo Wong): All right. The next group coming before us is the Grain Farmers of Ontario: Mr. Scott Persall, board member. Welcome. Can you sit right in front of where the microphone is lit?

Before you begin, can you identify yourself and your position with the Grain Farmers of Ontario? And if you have any handouts, you can give them to the Clerk as well. Okay?

Mr. Scott Persall: Yes.

The Chair (Ms. Soo Wong): Thank you. Welcome.

1320

Mr. Scott Persall: Thank you very much. My name is Scott Persall. I'm a farmer in Norfolk county and I am presently a member on the executive board with the Grain Farmers of Ontario.

I'd like to thank you for inviting the Grain Farmers of Ontario today to address the revisions of the Crop Insurance Act. I'd like to just start with that the Grain Farmers of Ontario represents over 28,000 farmers in Ontario. We represent the three major grain and oilseeds crops: corn, soybeans and wheat.

I'd like to just go on with my presentation here. Crop insurance is a very important tool for grain and oilseeds farmers. Crop insurance is part of the suite of risk management tools that grain and oilseeds farmers need to manage business and farming risks, to keep Ontario grain and oilseeds farmers competitive with other regions of the world that have similar programs, and to provide farmers with the confidence to reinvest in their own businesses.

Other risk management tools, like RMP and AgriStability, have seen massive cuts over the last couple of years. Crop insurance is one tool that needs to remain unchanged. It works for farmers, and the investment on the part of the province provides many dividends to Ontario's triple bottom line; it provides benefits for the people of Ontario, the economy in Ontario and Ontario's environment.

Today's crop insurance is primarily a grain and oilseeds program. There are over 90 crops that are covered by crop insurance, but 80% of the program is subscribed by grain and oilseeds producers. We believe that expanding risk management tools for other parts of agriculture is a sound idea, but it is important to recognize that the current crop insurance program was set up, and has been delivered, to address the needs of crop farmers.

We urge the government to proceed with caution as changes are made to the act and the subsequent programs are designed: that throughout this process there are mechanisms in place to ensure the integrity of the current program and the benefits of the insurance programs to grain and oilseeds farmers remain intact before proceeding with any other changes.

Crop insurance is a good investment for the province, as it is a cost-shared program between the province with 24%, the federal at 36% and the farmer paying 40% of the costs. This insurance not only helps out farmers when the unexpected happens on their farm but gives farm businesses the confidence to reinvest in their farm.

These investments help achieve other policy objectives of the Ontario government, including farm investments and environmental practices such as no-till. The results of no-till are a lowering of greenhouse gas emissions on the farm and lower inputs, because the farmers have confidence to invest in precision agriculture equipment that targets input uses using GPS maps. It allows us to integrate pest management tools and also improve the efficiencies of fertilizer applications.

Last year, the Premier challenged agriculture to grow the sector. Programs like crop insurance provide farmers with the tools needed to help grow the sector. Without the insurance, farmers would not take the risk to build their businesses; they would need to focus their efforts on managing their risks.

Around the world, governments provide their farmers with programs to manage risks. The United States, for example, just passed a farm bill that provides farmers with a suite of support programs. They are more robust and, many say, less efficient than crop insurance in Ontario. Ontario farmers are not low-cost producers, and we have competitors just across the border that have more robust support programs.

But these are not the only risks farmers face when growing corn, wheat and soybeans. Grain farmers are constantly balancing risks from Mother Nature, including weather, insects, weeds, soil composition, water—will it rain enough or will it rain too much or not at the right time?—price fluctuations from commodity markets, influences from geopolitical activities, and fluctuations in supply and demand scenarios.

Farmers face a complex set of decision-making to ensure that the costs incurred to plant, bring a crop to harvest and market are covered, and money is made to build the business. Crop insurance has assisted a lot of farmers over the years to manage the complexities in their business.

As we look towards the future, weather remains a major concern, as we are seeing more volatile weather patterns and unpredictable growing seasons, making tools like crop insurance even more important to us.

Today's crop insurance is built upon actuarially sound principles and years of practical research and is data-driven. For instance, if a farmer doesn't make every

effort to avoid crop losses, then their coverage doesn't pay out. These data sets and best management practices need to be established for other agriculture products as the insurance is expanded, and the same rigour to scientific decisions and experience-based evidence needs to be employed because risk will be pooled in the program. If this rigour is not adhered to and the risk that is pooled with this program shows the co-payers—farmers and government—that the program is broken, then the program that has worked for so many years for grain and oilseeds crops will be impacted negatively.

We urge the government to exercise caution when creating the new insurance program for livestock or honeybees. These commodities face a different risk—

The Chair (Ms. Soo Wong): Mr. Persall, can you wrap up your presentation?

Mr. Scott Persall: Yes. About half a page.

The Chair (Ms. Soo Wong): Thank you.

Mr. Scott Persall: These commodities face a different risk profile than those that have been traditionally covered by crop insurance. The rules cannot be easily transferred from crops to livestock. We collectively need to ensure that long-term results support the viability of the program and don't create questions about the program, or we may put funding from the federal government at risk and discourage farmers from buying the insurance.

In closing, we support the government's desire to provide risk-management tools to those in agriculture who require it, but we recommend extreme caution, especially given the trends towards reducing programs for farms. Farmers need more, not less, to compete in a global industry against every other developed country. We ask that you include the GFO earlier in the process as you develop plans and regulations, and that you adhere to science-based decisions, not precautionary principles.

Today, crop insurance provides the tools our farmer members need to remain competitive and to invest in innovation that is good for their businesses and good for the environment. We want to make sure that the changes going forward do not jeopardize this important tool for grain and oilseeds farmers.

The Chair (Ms. Soo Wong): Thank you. Mr. Vanthof, do you want to begin the questioning?

Mr. John Vanthof: Thanks for coming, Scott, and making a very comprehensive presentation. I think, if I could distill down what I heard, you're in favour, but you're worried that the program could be diluted if other commodities are included without due diligence. Is that a fair comment?

Mr. Scott Persall: Yes, that would be a fair comment. If we were to use some of our funds that we've actually put into the program now that are there, that would have a negative impact on grain and oilseeds.

Mr. John Vanthof: You mentioned the 26% that currently comes from the provincial government. Would it be detrimental to the suite of programs as a whole if money came for new commodities out of the old pot—basically, if it came out of risk management or somewhere else that's currently within the ministry budget?

Mr. Scott Persall: Yes. For grain and oilseeds, the RMP program or crop insurance—any money that would come out of those programs would have a negative impact on grain and oilseeds producers.

Mr. John Vanthof: Okay. And my last question is going to be a little bit loaded. Fair warning.

Mr. Arthur Potts: Not like the other ones.

Mr. John Vanthof: No, but we've heard a lot about the neonics debate. Grain farmers have made it very clear that they're worried that, in some cases, their production will suffer if they don't have access to neonics. Do you feel that that should somehow be covered within the crop insurance suite of programs because it is a government decision that could reduce some of the crop yields?

Mr. Scott Persall: Yes. With the current regulation that's coming down, for my personal farm, it will impact my yields and will draw me down in actual yield. The way the program is set up now wouldn't likely trigger a payment because we can only get coverage up to 90% of a crop. I think I, as a grain farmer, would welcome a government program that would recognize the losses that I'm taking on my crops due to the elimination of certain tools I have in my tool chest.

Mr. John Vanthof: Thank you.

The Chair (Ms. Soo Wong): Mr. Potts?

Mr. Arthur Potts: Thanks, Scott. Thanks very much for coming here. I'm delighted to be here, too. This is the first chance I've had to come with a travelling committee. I'm sure that any other agricultural bill would come here to Guelph because this is the best place, obviously, to get to people in the industry. There was a lot of pressure for us to also go to Kemptville. Do you think we would have had greater participation than the two here and the three there on a bill that's so widely acclaimed, if we had gone to Kemptville? You don't have to answer that.

1330

Mr. Scott Persall: Grain Farmers would have come. I know that.

Mr. Arthur Potts: You would have come; no question about it.

Mr. Scott Persall: Yes.

Mr. Arthur Potts: You guys are the experts in this field. I'm delighted that you had a chance to give us a little more perspective on it.

I appreciate the cautionary note. Are you suggesting, though, that we not go ahead with the bill before we put other things in place, or are you okay with us passing this bill, passing these amendments now, moving forward and entering into those sectorial discussions on new commodities?

Mr. Scott Persall: Yes. Grain Farmers is comfortable with you proceeding with the bill. All we're asking is that you use caution when you're developing the programs for other sectors of agriculture, that it wouldn't negatively impact grain farmers by diluting our crop insurance—

or it has been suggested that we could take funding from our RMP program, which currently is capped and underfunded.

Mr. Arthur Potts: And underfunded; I appreciate that.

I don't think it's a loaded question to talk about neonics. I'm glad that we're all having discussions about it. I think that's really, really important. The government has, as you know, its aspirational targets and would be looking very closely at yields and the impacts. But can you maybe give a sense of how—let's talk about pollinators—an insurance program might assist them? The unintended consequences of some pesticide use—how you think that might fall into the discussion.

Mr. Scott Persall: I don't think I'm really in a position to speak for honeybees. I guess that if they're having production losses, then you should be able to develop a program for them to cover those losses if there's—

Mr. Arthur Potts: Fair enough. And also know that we all appreciate very much the work that's being done in waxing seeds and deflectors, and know that, as we move forward towards aspirational goals, we'll get it right. We're glad that the Grain Farmers are going to work with us on that.

Mr. Scott Persall: Yes, that's a great—with the deflectors. I think we've made great strides as grain farmers, since you've got on to this topic, to help with pollinator health. The problem is, we haven't actually assessed those changes we made last year before the regulations came in. We're moving quickly—

Mr. Arthur Potts: And this may not be the best year to make those assessments, given the cold, cold winter we had. All those are factors—

Mr. Scott Persall: Yes. Climate change seems to be always different every year, doesn't it?

The Chair (Ms. Soo Wong): Okay. This round of questioning is by Mr. Arnott.

Mr. Ted Arnott: Thank you very much, Madam Chair. I, first of all, want to express words of welcome to the committee members for coming to the Guelph and Wellington area. As we know, the leadership of agriculture and agri-business in the province of Ontario is largely in this area of the province. We're very proud of that, and we're very pleased to have the committee members here.

Scott, I want to thank you for your presentation on behalf of the Grain Farmers. It was very well done. It leads to a number of questions, obviously, from our side. Your main point, if I could characterize it as much, was the suggestion that the government should proceed with caution as it moves forward with this enabling legislation and then the resulting programs. Are you confident that the government will proceed with caution?

Mr. John Vanthof: Now that was a leading question.

Mr. Arthur Potts: Just say yes.

Mr. Scott Persall: Yes. I'm sure they realize that grain farmers account for 80% of this program, and it's very important to us. I'm sure they can sit down and look at the other sectors and make it fit for them without negatively impacting grain farmers.

Mr. Ted Arnott: Has that number been stable over the years, that roughly 80% of the program is taken up by grain and oilseeds farmers—it doesn't fluctuate too much?

Mr. Scott Persall: I would say it's pretty constant, because our acreage doesn't change a whole lot. The split between the different commodities are—I don't really know the correct answer for that.

Mr. Ted Arnott: Is there an estimate of how many grain and oilseeds producers actually purchase crop insurance relative to those who choose not to? Have you ever seen an estimate?

Mr. Scott Persall: I have. I'm not really sure what that exact number is. I don't know. I have a colleague here who might be able to answer that—

Mr. Ted Arnott: But we would expect and assume that the majority do—the vast majority.

Mr. Scott Persall: Yes. More than half the producers participate; I do know that. I don't know the exact percentage.

Mr. Ted Arnott: Okay. When you broke down the numbers, you said that 24% of the current program, I think, is paid for by the province. Was it 24%?

Mr. Scott Persall: Yes.

Mr. Ted Arnott: And 36% by the feds, and 40% by the farmers themselves.

Mr. Scott Persall: Yes.

Mr. Ted Arnott: Do you have the dollar figures of what the program costs to go along with the percentages?

Mr. Scott Persall: No, I don't have the dollar figures with me. I think Agricorp could give you those numbers quite easily.

Mr. Ted Arnott: Maybe we could ask the Legislature's research staff to generate those numbers for us.

Lastly, I think I would share your concern. I think that it's important that you make your views known at this committee and within the Legislature to ensure that the existing programs for the farmers who currently benefit, and have sustained the crop insurance programs through the years, are, in fact, maintained and not diluted. I guess the question is: Has the government made a commitment that the support will not be diluted for the existing crop insurance participants? I haven't heard that they have.

Mr. Scott Persall: I haven't heard. I think that's a question for the other side of the table here.

Mr. Ted Arnott: But there hasn't been a private assurance or commitment to the grain farmers as far as you know.

Mr. Scott Persall: None that I'm aware of.

Mr. Ted Arnott: We would look to the government to clarify that when the bill is discussed in the Legislature at third reading. Thank you.

The Chair (Ms. Soo Wong): All right. Thank you very much, Mr. Persall, for coming here before the committee.

Before I adjourn the committee today, I have a couple of housekeeping things to remind the committee members of. First, the written submissions are due today at 6 p.m., so that's the drop-dead time, 6 p.m.

The deadline for filing amendments with the Clerk is Monday, April 13, at 5 p.m., if there are any amendments to the bill.

Next Thursday, we will be doing clause-by-clause consideration. That's scheduled for next Thursday, April 16, 9 a.m., at the Legislature.

Any more questions and comments for the staff or for myself? All right. I'm going to adjourn the committee. See you next week.

The committee adjourned at 1337.

CONTENTS

Tuesday 7 April 2015

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Présidente
Ms. Soo Wong (Scarborough–Agincourt L)

Vice-Chair / Vice-Président
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)

Mrs. Laura Albanese (York South–Weston / York-Sud–Weston L)
Mr. Yvan Baker (Etobicoke Centre / Etobicoke-Centre L)
Mr. Victor Fedeli (Nipissing PC)
Ms. Catherine Fife (Kitchener–Waterloo ND)
Ms. Ann Hoggarth (Barrie L)
Mr. Monte McNaughton (Lambton–Kent–Middlesex PC)
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)
Ms. Daiene Vernile (Kitchener Centre / Kitchener-Centre L)
Ms. Soo Wong (Scarborough–Agincourt L)

Substitutions / Membres remplaçants
Mr. Ted Arnott (Wellington–Halton Hills PC)
Mr. Toby Barrett (Haldimand–Norfolk PC)
Ms. Harinder Malhi (Brampton–Springdale L)
Mr. John Vanthof (Timiskaming–Cochrane ND)

Also taking part / Autres participants et participantes
Mr. Randy Pettapiece (Perth–Wellington PC)
Mr. Arthur Potts (Beaches–East York L)

Clerk / Greffier
Mr. Katch Koch

Staff / Personnel
Ms. Susan Viets, research officer,
Research Services

ISSN 1180-4386

Legislative Assembly of Ontario

First Session, 41st Parliament

Assemblée législative de l'Ontario

Première session, 41e législature

Official Report of Debates (Hansard)

Thursday 16 April 2015

Journal des débats (Hansard)

Jeudi 16 avril 2015

Standing Committee on Finance and Economic Affairs

Agriculture Insurance Act (Amending the Crop Insurance Act, 1996), 2015

Comité permanent des finances et des affaires économiques

Loi de 2015 sur l'assurance agricole (modifiant la Loi de 1996 sur l'assurance-récolte)

Chair: Soo Wong
Clerk: Katch Koch

Présidente : Soo Wong
Greffier : Katch Koch

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

http://www.ontla.on.ca/

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario

Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Thursday 16 April 2015

Jeudi 16 avril 2015

The committee met at 0905 in room 151.

AGRICULTURE INSURANCE ACT (AMENDING THE CROP INSURANCE ACT, 1996), 2015

LOI DE 2015 SUR L'ASSURANCE AGRICOLE (MODIFIANT LA LOI DE 1996 SUR L'ASSURANCE-RÉCOLTE)

Consideration of the following bill:

Bill 40, An Act to amend the Crop Insurance Act (Ontario), 1996 and to make consequential amendments to other Acts / Projet de loi 40, Loi modifiant la Loi de 1996 sur l'assurance-récolte (Ontario) et apportant des modifications corrélatives à d'autres lois.

The Chair (Ms. Soo Wong): Good morning. I'm calling the meeting to order for clause-by-clause consideration of Bill 40, An Act to amend the Crop Insurance Act (Ontario), 1996 and to make consequential amendments to other Acts.

Are there any questions or comments on the bill before we begin? Seeing none, let's go through, section by section.

On section 1: Is there any debate, questions, comments on section 1 of the bill? No? Is everybody ready for the vote? I'm calling the question.

Mr. Arthur Potts: Sorry, where are you?

The Chair (Ms. Soo Wong): Section 1 of the bill. Any comments? I'm going to call the question. Shall section 1—what's that?

Mr. Arthur Potts: Can I have a clarification? We're voting on section 1 as it is currently in the bill, with no amendments proposed?

The Chair (Ms. Soo Wong): Yes. There are no amendments. Okay?

Mr. Arthur Potts: Okay. Perfect.

The Chair (Ms. Soo Wong): I'm going to call it. Shall section 1 carry? All those in favour? All those opposed? Carried.

Section 2: I believe there are three amendments. Mr. Barrett, you cannot do the reading. You have Mr. McDonell. It's because he has been subbed in. Whoever is subbed in will have to do the reading.

You have a package right in front of you?

Mr. Jim McDonell: Yes. I move that the definition of "agricultural products", as set out in subsection 2(1) of the bill, be struck out and the following substituted:

"'agricultural products' means bees, hogs and any other product that is designated by regulation; ('produits agricoles')"

The Chair (Ms. Soo Wong): Any comments, questions? Mr. Potts.

Mr. Arthur Potts: Again, a clarification: I thought we just approved section 1. Isn't subsection (2) in section 1?

The Chair (Ms. Soo Wong): No, no. That's section 1. This is section 2.

Mr. Arthur Potts: No, this is subsection (2) of section 1, according to my information here—oh, this is section 2, subsection (1). All right. I'm sorry.

The Chair (Ms. Soo Wong): This is section 2, okay?

Mr. Arthur Potts: All right. We're into section 2. Fine.

The Chair (Ms. Soo Wong): We're on section 2, everybody, just to be on record. We're dealing with subsection 2(1). Mr. McDonell just read it for the record.

Any questions, comments to subsection 2(1), the motion being put forth by the opposition party? Mr. Potts.

Mr. Arthur Potts: Thank you. I will make the comment that I don't like the notion that we're going to be specifically putting things into the bill. I think that will limit its application. We'll be voting against this motion.

The Chair (Ms. Soo Wong): Okay. Any other comments? Mr. Vanthof.

Mr. John Vanthof: This is enabling legislation over the whole agricultural industry. I also don't agree that we should name two sectors and then make the rest general. It's either enabling legislation to be general or it's very prescriptive, and this is neither.

The Chair (Ms. Soo Wong): Mr. Barrett, I saw your hand up.

Mr. Toby Barrett: Does that mean we go home now?

The Chair (Ms. Soo Wong): No, no. We've got lots of sections.

Mr. Arthur Potts: Did you bring the white flags?

The Chair (Ms. Soo Wong): Any other questions, comments? Mr. Barrett.

Mr. Toby Barrett: Yes, the opposition would like to comment on their motion. We just voted for section 1. We believe that the minister should be creating livestock programs beyond crops. We want to be specific because we've heard so much over this winter about issues over the last few winters with honeybee mortality. This is where the parliamentary assistant could assist. To what

extent do we now have insurance coverage for beekeepers to access?

Of course, I go to a lot of hog meetings. Over the last several years, the issue of PED has been top of the agenda.

Again, this gives us an opportunity to share some information or to clarify some points from the Ontario government—I would assume, perhaps, through the parliamentary assistant. When I start wading through Agricorp documents—we know there's one program of production insurance, and it's titled "Honey." Again, it's not titled "Bees," it's titled "Honey." It's available for beekeepers who have a minimum of 50 beehives. They can insure all the hives. Of course, they have to report and enrol, and they have to have adequate equipment—supers for hives and things like that.

0910

This is registered under the Bees Act. I can't remember whether this legislation—this legislation doesn't make any amendments to the Bees Act. When we get to the regulation stage, if we get caught up where there's an amendment to the Bees Act required, maybe that could be explained as well.

This seems like a bit of a standard insurance program. I heard so much in the media. We have bees on our farms—we've had bees for 40 years—but I don't look after them. There are losses over the last 40 years, but I don't know the details of how producers who have been on my farms over the years insure their honey, or whether they do or not.

Further to the Agricorp documentation under "Production Insurance: Honey," again, we're expanding production insurance beyond crops to other products. It seems that honey is already covered, but to what extent is it covered? Certainly in the Prairie provinces—I think Alberta and Manitoba have honeybee insurance programs; Saskatchewan is developing a program. I'm just not sure how much more we need in Ontario.

I've raised this question during debate. In fact, I've raised it in question period. Of course, that doesn't give the various ministers or the Premier much time to respond, but again, under the Agricorp document, "Production Insurance: Honey," subtitle "Losses Due to Uninsured Perils: Losses due to uninsured perils such as improper use of pesticides"—now, that's been a discussion, certainly, over the last six or nine months, and an awful lot of emotion has been involved in that discussion.

It looks like insurance is available for, "Losses due to uninsured perils such as improper use of pesticides, third-party damage or spray drift"—now that, again, refers to pesticides, not neonics; that would be the old-fashioned way of applying product, with a highboy or an airplane or whatever. But these are not covered by production insurance. That's something I've discovered: A beekeeper, at this point in time, cannot insure their bees for improper use of pesticides or spray drift from pesticides.

Let's see—

Interjection.

Mr. Toby Barrett: Yes, if some light could be shed—

The Chair (Ms. Soo Wong): I just want to remind members—okay?—this is an amendment before us. Let's stay focused, because we could have more discussion later. Let's be focused, because we could be here all afternoon as well, ladies and gentlemen. There are only seven amendments being proposed.

Ms. Hoggarth?

Ms. Ann Hoggarth: I was just going to say that for us to name a couple of different animals, products or whatever, we'd lose all the flexibility that is intended here. This is to get this up and going; maybe eventually, at another time, specific areas will be named, but if we put in only these, it rules out other areas such as emus or—

Interjection: Sheep.

Ms. Ann Hoggarth: Sheep and all of that. I think, definitely, the intent of the government is that we look at this right now to see which area is where it will be needed the most.

Mr. Toby Barrett: Well, exactly, and this motion does say, after bees and hogs, "any other product," certainly emus or any other animal used in agriculture. As you say, sure, we could do this at another time, but this is the first time that the Crop Insurance Act has been opened up since 1996. I was here when it was opened up and in government at the time. We made significant changes then, but that was 19 years ago. This is an opportunity to kind of flesh this out in committee. Sure, some of us get to do a one-hour speech in the Legislature, but it's just an opportunity to flesh some of this out.

Mr. Arthur Potts: Not being an expert in the law, but the son of a Supreme Court judge and with a master's in labour relations, where I had a lot of chance to look at law, when you put in pieces like that that are specific within the generalized, it does have the effect of limiting it. So let's keep it general so we can then go into discussions with each of the sectors to determine the details.

To your point about what the perils will be in any particular industry sector, those will be negotiated between Agricorp, the sector and the ministry, who will look at the details. Things like drift may well be included, where they may not be in some of the documentation you're looking at now. Within the course of those discussions and negotiations, those will be addressed.

The Chair (Ms. Soo Wong): Mr. McDonell?

Mr. Jim McDonell: I think that the issues around the bee population decline and the recent hog issues with PED are really one of the big reasons why this legislation was brought up. I'm not sure why we wouldn't want to at least mention it. The government has been very clear that they want to help these two industries. That's why they opened up this agricultural bill. We want to make sure that the recognition for those two industries—if you look over the agricultural landscape today, those are two sectors that are in the biggest peril. That's what really brought this bill about. We were hoping that we would get a little attention to it and really show them that there is some hard, concrete action on the way.

And I disagree: I think it's very clear. It does say, "any other product" as "designated by regulation". It doesn't

restrict it at all, but it shows these two sectors that we are serious about helping them.

The Chair (Ms. Soo Wong): Mr. Potts?

Mr. Arthur Potts: My final comment would be that those interests, you're absolutely correct, have been covered in the obiter dictum around this bill. That having been said, we expect those industries who are interested in production insurance will come forward and enter into negotiations.

Let's keep it the way it is. It definitely will cover those industries, if they show interest.

Mr. Toby Barrett: I guess that's the key point. We did have hearings on this bill, which we fully supported. As far as the industry showing interest, I think three attended the witness table at Queen's Park for testimony, and I think there were two in Guelph—not very many. I know a number of commodity groups didn't come forward. I'm not saying they didn't show interest. But whether this wasn't promoted to any great extent, or for some reason, there wasn't the interest—I go to so many meetings, and certainly over the past year or so, the priority seems to be the concern with bee mortality and hog mortality. If anything, for the purposes of Hansard, I just wish to make it very clear that the minister has to realize that the priority, whether people were coming forward to this committee or not—we feel the priority right now is bee and hog. We use this partly as a means to an end to highlight our concern with honeybee deaths and our concern with deaths in the hog industry.

We just hope that the minister has the ability to create these programs down the road. We're not going to open up this legislation again for maybe another 19 years. The minister has to clearly signal his intent, not only supporting these commodity groups, but supporting the need for these specific programs.

We don't get to debate regulation, usually. In agriculture, sometimes it is different. I know with the nutrient management legislation—that was 15 years ago—we travelled the province over several years, three times over, to discuss just nutrient management, and not only the legislation. On the last round of travelling—I think it was two weeks of travelling—we travelled—

The Chair (Ms. Soo Wong): Mr. Barrett, can you stay focused on this motion that has been put forward?

0920

Mr. Toby Barrett: Certainly.

The Chair (Ms. Soo Wong): Okay, because we've been debating on this particular amendment being proposed for the last 10 minutes.

Is there any more discussion on this particular motion?

Mr. Toby Barrett: Maybe you could advise me: If this motion does not pass, do we not get to discuss the next two motions? I'm not sure.

Interjections.

The Chair (Ms. Soo Wong): They're still in order.

Mr. Toby Barrett: Okay. As my colleague has indicated, the amendment, as with the legislation, does leave it open-ended. The phrase is in there again: "any other product."

The Chair (Ms. Soo Wong): Ms. Hoggarth?

Ms. Ann Hoggarth: I was just going to say, it says "and any other product that is designated by regulation." Perhaps there are products that are now raised or sold that are not in that list. So this would still cut out producers that have other crops or herds, such as elk, bison or emus, that are not in the regulations right now. I think we need the flexibility left in it.

The Chair (Ms. Soo Wong): Mr. Vanthof?

Mr. John Vanthof: Very short: I appreciate the official opposition wanting to focus on bees and hogs, and I think we should bring light to that, because they are the ones right now facing the most imminent threat. But to name them when there could be another sector that could be under an equally imminent threat six months from now—I'm not sure I agree with that. I agree with putting a focus; I don't agree with putting it in the bill.

In response to Ms. Hoggarth: The "designated by regulation" is what's in the bill now, so any products that aren't now covered by regulation aren't going to be covered by the bill without amendment, either. That's not a good argument against the opposition, because that's the way it is now, right? Something that isn't on regulation won't be covered by the bill as it's proposed here, either.

Ms. Ann Hoggarth: Thank you.

The Chair (Ms. Soo Wong): Ladies and gentlemen, we've been debating on this particular motion. I'm going to be calling the question.

For subsection 2(1), amendment number 1 that's in front of you, I'm going to call the question.

Mr. Toby Barrett: Recorded vote.

Ayes

McDonell.

Nays

Baker, Hoggarth, Lalonde, Milczyn, Potts, Vanthof.

The Chair (Ms. Soo Wong): The motion is defeated.

Subsection 2(1), motion number 2: Mr. McDonell, do you want to read it for the record?

Mr. Jim McDonell: Sure. I move that the definition of "agricultural products," as set out in subsection 2(1) of the bill, be struck out and the following substituted:

"'agricultural products' means bees and any other product that is designated by regulation; ('produits agricoles')"

The Chair (Ms. Soo Wong): Any questions or comments for this particular motion? Mr. Barrett.

Mr. Toby Barrett: I'll speak in favour of the motion that we have put forward. Again, it's an amendment purely to give the government more options. If there is some reason that they objected to any of the other products—it sounds like they objected to including all of the products in here—this motion, as you can see, focuses just on bees in the definition. Again, I would

appreciate any comments, just given what we're told of the crisis that we've seen in the last few winters with honeybee mortality.

I do reiterate that the way the motion is worded does not eliminate any other group. It could be nutria or hedgehogs or a certain breed of cattle over another breed of cattle. It's just simply to recognize the difficulty, to highlight the difficulty that the bee industry has had lately, and highly encourages the minister to create programs for them.

I guess my question is to the parliamentary assistant. I did run through the two programs listed under Agricorp and the fact that they do not cover pesticides.

I guess my request is, again, will this enabling legislation open the door to create a more comprehensive form of honeybee production insurance specifically related to the problems that we are told about? I know the jury is out on this. I know this government has stated that the evidence is inconclusive on the relationship between neonics and honeybee deaths. I know the Minister of the Environment has specifically stated that.

Will this enabling legislation change what we have in Agricorp, which excludes insurance coverage for honeybee owners with respect to improper use of pesticides or spray drift from one farm to another?

The Chair (Ms. Soo Wong): Mr. Potts?

Mr. Arthur Potts: Yes, sure, I'm happy to address that. Basically for the same reason we spoke of on the previous motion, we will be voting against this because it is limiting, the way you put this in here and in my understanding of how the law works here.

As I said previously, when the sectors come together with the government to ask for the regulation that will cover their sector, they'll enter and negotiate with Agricorp, and all manner of perils specific to that industry will be considered and determined whether they're insurable in a way that's cost-effective for all the parties concerned.

So let's just move down that process. That's what we've been doing since crop insurance first came in. It's a negotiation of what's particular to that industry. The same rules will be applied as we move forward in this section identified in this motion, so we'll be voting against it for the same reasons.

The Chair (Ms. Soo Wong): Okay. Mr. McDonell?

Mr. Jim McDonell: Well, I think, as Mr. Barrett has said, that as of today the use of pesticide spray drift is not included. I think through negotiations this motion would send a real direction that they are included and that it's not up to negotiation. We're looking at all perils and this is a significant one especially for this industry, which is unique. No other industry is affected, supposedly, with the use of pesticides.

I mean, there has been a lot of complaining and a lot of lack of science, but that has been the direction. So if that's the case, instead of negotiating for this, it should be clearly stated that, yes, we are looking at—if there is a loss due to the pesticide of the neighboring farms, it should be covered.

The Chair (Ms. Soo Wong): Okay. Any other comments or questions? Mr. Vanthof?

Mr. John Vanthof: Just a short one. While I am somewhat disappointed by the government's response on the bee issue, the neonic issue—and I'm fully in support of doing things for the bee industry, but, again, if we limit this, name one and then make everything else a lesser issue, because this is an enabling piece of legislation that will last a long time, then I'm afraid—it's my job to oppose the government as well, but this is a long-term piece of legislation.

So to put it on the record that we need to take as much action on bees as we can is very important, but to include them in this legislation and basically giving them pre-eminence over all the other sectors in an enabling piece of legislation—we're opposed to that.

The Chair (Ms. Soo Wong): Okay. Can I call the question?

All those in favour of motion number 2, subsection 2(1)? All those opposed? Lost.

Motion number 3: Mr. McDonell, do you want to read it for the record?

Mr. Jim McDonell: I move that the definition of "agricultural products", as set out in subsection 2(1) of the bill, be struck out and the following substituted:

"'agricultural products' means hogs and any other product that is designated by the regulation; ('produits agricoles')"

The Chair (Ms. Soo Wong): Any questions or comments before we call the question? Mr. Barrett?

Mr. Toby Barrett: Again, in the way this amendment is written—I don't necessarily want to see things get political around honeybees or anything like that, if it helps at all to delete "bees" from the proposed amendment and to focus on hogs—just because the hog industry did come forward. The bee industry didn't come forward to testify, but the hog industry did come forward. I know Amy Cronin, the chairman, testified here.

0930

I attended their annual meeting a few weeks ago. I attended a very large meeting in Niagara just last weekend of the hog industry. Ever present in people's minds, as Mr. McDonell mentioned, is the issue of PED, this viral disease, with very, very high death loss. We lost something like 30% of the herd in Ontario's pork industry. That can be devastating. These aren't the kind of hog operations that we had on our farm, where we would put maybe 300 pigs through a year. We still have the hog barn. But the tremendous size of these operations are perhaps more susceptible to disease.

Again, with general enabling legislation, it really didn't give the farm commodity groups an awful lot to hang their hook on. I know they came to testify, but what can they talk about? Sure, it changes the title of the bill, but there wasn't really a lot that they could hang their coat on.

I, again, would just, in my question to the parliamentary assistant—the direction of this legislation: What will it do for the hog industry, say, specifically for a disease

like PED? We hope we don't see much of that in the future, but there's always something else that comes along.

The Chair (Ms. Soo Wong): Mr. Potts, can you please be brief in your response?

Mr. Arthur Potts: I'll be very brief.

The Chair (Ms. Soo Wong): Thank you.

Mr. Arthur Potts: I was also delighted to see Amy Cronin here, and she was a very excellent spokesperson for the industry. She made it very clear that she was completely happy with the way the bill was written, as it's written. Accordingly, for the same reason we talked about before, about flexibility, we'll be voting against this motion.

The Chair (Ms. Soo Wong): Mr. McDonell?

Mr. Jim McDonell: I think too often a lot of these groups have seen promises made and promises not kept. I think the hog industry—I know we have some large farm operations, hog operations, in our area, and they have been, for the most part, devastated by what has gone on here.

People don't have to remember too long ago when the beef industry had many hard years with no help from this government. I think that while there was a lot of promises, unless there seems to be something that doesn't restrict the government—but it shows the industry that at least there's the intention to help out this one industry. That's why we're putting this in.

You can imagine losing that percentage of your industry, how many years it will take to come back and the impact on public opinion. Although there's no harm to them, there's still that feeling that there's something wrong with eating pork. I think this industry needs some substantial help. It may not seem to be a big thing, but it shows that this legislation certainly does include relief for the hog industry and they can expect some negotiations through regulations in the future.

The Chair (Ms. Soo Wong): Any more questions? Can I call the question?

All those in favour of motion 3? All those opposed? The motion is defeated.

I'm going to call the question with regard to section 2. Shall section 2, without amendment, be carried—the entire section without amendment? All those in favour? All those opposed? Carried.

Section 3: We're dealing with section 3 right now. I believe there are two motions. Mr. McDonell, do you want to read it for the record?

Mr. Jim McDonell: I move that section 3 of the bill be amended by adding the following subsection:

"(8) Section 2.1 of the act is amended by adding the following subsection:

"'Coverage for loss from predators

"'(5) Despite subsections (1), (3) and (4), Agricorp shall provide contracts of insurance with respect to loss or damage to agricultural products due to prescribed predators.'"

The Chair (Ms. Soo Wong): Okay. Any comments or questions? Mr. Potts.

Mr. Arthur Potts: Chair, somewhat for the same reason we spoke on the previous three motions, this will again be limiting. We won't prejudge what perils will be determined by the parties when they move forward, so we'll be voting against this.

The Chair (Ms. Soo Wong): Okay. Any other comments? Mr. Vanthof?

Mr. John Vanthof: We will be voting with this one because this one doesn't limit the products it could be covering. This has been an ongoing issue on a lot of areas, and it has been an issue that has been ignored. It doesn't limit the number of—it doesn't put one sector above another sector, but it does bring some clarity to an issue that a lot of people don't think exists in modern agriculture.

The Chair (Ms. Soo Wong): Any other comments?

Mr. Jim McDonell: My time in municipal politics, even in an area that's considered as, if I might use the words, built up as Glengarry county—we had substantial loss from predators. It was always an issue trying to show what happened here and really, in the end, does it really matter? Obviously it's not a domestic animal that's out killing these animals. It can be chickens, sheep or hogs. It can be a lot of things. This just puts, I think, a little bit of teeth in it. Farmers have been disappointed in the past with the legislation. This is something that has been an issue and I'd like to see it clarified, because it does just clarify it.

The Chair (Ms. Soo Wong): Mr. Baker?

Mr. Yvan Baker: I'll be brief. I think this is just a little bit limiting rather than enabling. Predators can already be considered as a peril. Damage from wildlife is already insured peril under current plans. So this amendment is detrimental in that it requires these plans, even if stakeholders or government did not want these plans now or in the future.

The Chair (Ms. Soo Wong): Can I call the question? Mr. Barrett?

Mr. Toby Barrett: I haven't actually commented on the motion yet.

The Chair (Ms. Soo Wong): Okay.

Mr. Toby Barrett: We're sitting this afternoon as well?

The Chair (Ms. Soo Wong): Well, we don't have to if we keep this up.

Mr. Toby Barrett: Oh no, that's just a question. I didn't want to debate the Chair on that, whether we have to or not.

The Chair (Ms. Soo Wong): We're done by 10:15.

Mr. Toby Barrett: I'm subbed on this afternoon, for what it's worth, but, no, we may not need to sit this afternoon. I wasn't suggesting that.

Again, an amendment—I think from our perspective—I grew up with chickens and sheep. We had a cow-calf and we had predator loss. It was not a coyote or wolves at that time; it was large German shepherds, usually, the neighbour's dog. That is really problematic and oftentimes it still remains a problem. If there was reason, perhaps, for a bit more of provincial government involvement, this may be the case because unfortunate-

ly—these are things that aren't talked about on the back rows that much, but oftentimes the livestock owner has to take matters into their own hands.

We do know that the municipality takes the responsibility. There's a process where farmers are compensated for loss for livestock killed. The program is run by the local municipality. Now, I don't know whether down the road staff could put together a regulation that would change that. Can you bring in a regulation that would tell the municipalities in Ontario, "Okay, you're no longer administering the predator program. It's going to be a provincial responsibility"?

This came up during the testimony. Does this require consideration, given that it's the first time in 19 years this legislation has been opened up? There were indications made that perhaps the province should play a more direct role, because right now it's the old story. We have a patchwork approach. There's a debate whether bounties work or not. They're prohibited under the fish and wildlife protection act. That's provincial legislation; that's not a municipal law. There are a number of counties that authorize where a hunter can receive compensation for hunting coyotes. So there's compensation—

The Chair (Ms. Soo Wong): Mr. Barrett, I'm going to need to remind you to stay focused on the motion. We have a motion before us that's been tabled by Mr. McDonell. Let's stay focused on the motion, okay? Because you're asking questions that have nothing really specifically to the motion.

Mr. McDonell?

0940

Mr. Jim McDonell: I sat here last year, in December, February and March, putting a motion through, and your government sat here and filibustered for three months. The fact that we don't want to meet this afternoon—I mean, this legislation is important to the agriculture community, and I think that if we want to debate, we should have the opportunity. As I say, meeting after meeting for an hour and a half until adjournments—filibustering—was an indication of how these meetings can be run by your side. Ourselves talking about these regulations for a couple of minutes—I don't think it should be pooh-poohed and, "We have to move on because we have to be done by 10:30." We have this afternoon—

The Chair (Ms. Soo Wong): No, I never said that, Mr. McDonell. I'm just saying—

Mr. Jim McDonell: No, but that seems to be the attitude. I don't think we have to—

The Chair (Ms. Soo Wong): I'm just saying, for the record, that we have—

Mr. Jim McDonell: Well, I think, at that time—I have the floor here—we talked many times about having to just call the motion for a vote. It went month after month after month, never getting to the first motion to release a document that should have been public anyway. That's the other side of it, so I think—

The Chair (Ms. Soo Wong): I can't comment—

Mr. Jim McDonell: Sure. It's a fair discussion. I think you were at those meetings, so you know what I mean. Thank you.

The Chair (Ms. Soo Wong): Okay. Mr. Potts?

Mr. Arthur Potts: I just think it's a little instructive that the member is now suggesting that he's filibustering on this bill. We want to get it forward. We'll take the time necessary to get it right, but let's move it forward.

The Chair (Ms. Soo Wong): Mr. Barrett?

Mr. Toby Barrett: Well, I'm certainly not a filibusterer. I don't do that. I made mention of provincial legislation, the fish and wildlife protection act, that that's not municipal. We do know the Ministry of Natural Resources deals with bounties and gets involved between farmers and some of these issues. On a positive side, we encourage hunters to help farmers to try to keep coyotes away from their sheep.

There is a process now where farmers are compensated. They don't buy insurance. They don't pay a premium. It's kind of an after-the-fact thing, and the beauty of insurance—I've bought crop insurance over the years—is that you have to qualify and you have to take certain measures to limit your loss and to limit your risk. There are many sheep farmers, for example, who could probably be doing a lot more with the use of guard dogs, donkeys and things like this—fencing, or perhaps live trapping. There's a lot of work being done on better live traps that don't kill the animal or don't kill the neighbour's dog.

But the link here, as well, with this specific ministry, OMAFRA, is that the program is run by the municipality but is reimbursed by OMAFRA. My question—and I didn't get a chance to ask my question—to the parliamentary assistant: Is there a case to be made, first of all, for OMAFRA, the province, to play a larger role in coordinating and improving this program with respect to predator control through more of an insurance model? And secondly, can this be done just by passing a regulation down the road? I'd hate to have this legislation pass, we don't debate it for another 19 years, and then we find out there are really no options in the future to deal with some of the tremendous predator losses without going back and having one-hour debates again in the Legislature to try to do something about predation.

The Chair (Ms. Soo Wong): Okay. Mr. Potts?

Mr. Toby Barrett: Coyotes are moving in to our province significantly—

The Chair (Ms. Soo Wong): Okay. I want to hear Mr. Potts's answer to your question.

Mr. Toby Barrett: Certainly.

The Chair (Ms. Soo Wong): Mr. Potts?

Mr. Arthur Potts: I appreciate the question. I just think it's beyond the scope of this enabling legislation, so let's just vote on the motion.

The Chair (Ms. Soo Wong): Okay. Any other—

Mr. Toby Barrett: I don't know whether we can get any advice from staff with respect to this issue.

Mr. Arthur Potts: It's not necessary.

Mr. Toby Barrett: This came up during the hearings, and—

Mr. Arthur Potts: You brought a motion that you thought would assist in this direction, and we disagree

with it. If you had other motions that you wanted that would assist, you could have brought them. But we think we're very clear on what this is doing, and I don't think that your motion is going to assist us in what will be a peril down the road.

Mr. Toby Barrett: I'm just asking for advice from the government—

Mr. Arthur Potts: We'll just have it in the hallway later.

Mr. Toby Barrett: I beg your pardon?

Mr. Arthur Potts: We can have it in the hallway later. We can talk about advice, but it's not germane to this bill.

Mr. Toby Barrett: Well, it's really important to get it on Hansard. If we get it on Hansard, because it's hard—sure, hallway discussions are important, but we're here discussing this, and I'd like to take something back to these people.

Mr. Arthur Potts: I have nothing to add.

Mr. Toby Barrett: Nothing to add? Okay.

The Chair (Ms. Soo Wong): Okay. Any other comments or questions to motion number 4? I'm going to call the question.

All those in favour of the amendment being put forth? All those opposed? The motion is lost.

Motion number 5: Mr. McDonell.

Mr. Jim McDonell: I move that section 3 of the bill be amended by adding the following subsection:

"(8) Section 2.1 of the act is amended by adding the following subsection:

"'Coverage for loss from catastrophic diseases

"'(5) Despite subsections (1), (3) and (4), Agricorp shall provide contracts of insurance with respect to loss or damage to agricultural products due to prescribed catastrophic diseases.'"

The Chair (Ms. Soo Wong): Any questions or comments to this particular motion? Mr. Barrett.

Mr. Toby Barrett: Yes, I would like to comment on the motion. Again, the purpose, to stress on behalf of those sectors of the agricultural industry that have been subject to some of these catastrophic losses—one example that comes to mind is H5N2, avian flu, in Oxford county, next door to me. This makes headlines around the world. In the agricultural and food production community, this is very significant. We know that, with respect to turkey broilers and export—just to maybe focus on the food side of things, if the government would be more comfortable talking about that—Toronto is second only to Chicago in North America as a hub for food production and export. The minister is overseas right now and, I would assume, doing his best to better enable us to export agricultural products.

I was at a very large event last night. There were a very large number of people from Ontario, Toronto, the South Asian community—a very large event. Narendra Modi was there. We got kind of crushed and forced off the stage. I don't think they were running up there to see me or Rick Nicholls or anybody like that. But I had so many conversations with people last night who knew I represent an agricultural area and had a tremendous interest in the food products and other products that we have to offer, like tobacco and ginseng—a lot of ginseng discussions as well.

It's an amendment, again, to highlight the minimum for the minister to consider catastrophic diseases like H5N2 as an eligible cause of death, to make sure that farmers are covered and protected financially. Beyond PED, I guess the highlight of the day is avian flu. We're confident that the minister would recognize these diseases as eligible causes of death. We just want to make sure there is no confusion. Part of that is just to have a minimum of discussion.

I know the Chair is doing a very good job to try and wrap this up as soon as possible, but the food and agriculture business, as we know, is so complex. We just want to make sure there's no confusion on this. Who knows what other disease may come in on a migratory bird? We just want to get a guarantee from the government, through Mr. Potts, the parliamentary assistant, given the clear desire from the agricultural community and the food industry—if you don't get your product from your farmers, then you lose your contract. If you get a contract for sweet corn and you have a drought, for example, you don't get the contract next year. You're done; they go to other farmers.

It's the same with the food industry and the same with Korea and so many other countries. If they're concerned that we're not doing a proper job on controlling disease, we can't even get the product over there, and we lose that contract with South Korea. We know that with BSE in cattle, for example. We just want to have a guarantee from the parliamentary assistant that something like this would be reflected through this legislation.

0950

The Chair (Ms. Soo Wong): Mr. Potts?

Mr. Arthur Potts: I'm prepared to respond. We don't believe that prescribing perils within the enabling legislation is the appropriate route to go. In fact, it will become limiting because now you're saying that one disease is more important than maybe another disease by highlighting it, the same thing as we talked about by putting specific products in the earlier definitions.

We know that in subsection 5(1) under the act, disease could be considered, and that would be a part of the discussion between the various groups, the government and Agricorp, and they will work out the details of what should or should not be an insurance scheme. So we'll be voting against this motion.

The Chair (Ms. Soo Wong): Mr. McDonell?

Mr. Jim McDonell: I think if you look over the last decade or decade and a half, some of the catastrophic diseases we've seen—they are huge. They can essentially destroy the beef industry for years. I know that even on the dairy farms—my brothers run a dairy farm at home—it was costing them money to ship young calves to the market. They would get a bill and they would ship it to show you just what the product was worth. If you're a farmer and you're looking at this, it basically means bankruptcy.

If you don't have a good feeling that this is covered, you encourage the wrong behaviour. You encourage people to do desperate things, and part of that would be to try to cover up the disease instead of trying to contain it. I think we've all heard talk about other countries where this has happened. It eventually surfaces, but then it's a much bigger problem because it has spread beyond the farm or the area.

I think by clearly putting in, "Yes, we're not limiting in any way; we're just telling you that in this case here, diseases will be covered"—because right now, if you have to sit there and start negotiating these after the fact, actions have already been taken for months. I think that's why it's important to put this in.

The Chair (Ms. Soo Wong): Mr. Vanthof?

Mr. John Vanthof: We will also be voting in favour of this, for a couple of reasons that the opposition has mentioned—to enlarge this legislation. We're not prescribing individual catastrophic diseases, but it would be beneficial if they were mentioned. Having lived through BSE, as a farmer, it's very damaging.

One thing I would like to put on the record: H1N1 and avian flu was mentioned. In my discussions in the technical briefing with the Ministry of Agriculture regarding this bill, it came up that when we were talking about supply-managed sectors, which the feather industry is, they would never be covered. I think that is something that needs to be discussed here, because supply management manages the supply, but it doesn't manage the supply in catastrophic diseases. If your flock is wiped out, that's not covered under supply management. That was something that was very contentious in the technical briefing. I'm not trying to filibuster or anything. This is an issue that has to be discussed, because I got a lot of pushback in the technical briefing. I said, "Okay, what about supply management?" "No, they're not covered." Well, the feather sector is supply-managed, and we need to know that if a catastrophic disease hits a supply-managed flock—turkeys, broilers, chickens—whether or not they are going to be covered. In the technical briefing, we got a lot of pushback, and—perhaps not today, but that's something that really needs to be hammered out.

The Chair (Ms. Soo Wong): Any other comments or questions? Mr. McDonell?

Mr. Jim McDonell: I agree with the comment from John, but it also applies even to a dairy herd—supply management. If your herd is wiped out, it's gone for years until you can bring it back. It's catastrophic, for sure. Anybody that's making a livelihood from a large or a medium-sized flock or herd—does it matter if you're supply-managed or not? You cannot produce the product if you have no herd to produce it. It seems to happen with feathers, but we've actually seen it happen—we think of beef, but the dairy side as well.

The Chair (Ms. Soo Wong): Any other comments? I'm going to call the question.

Mr. Toby Barrett: A recorded vote.

The Chair (Ms. Soo Wong): A recorded vote. Okay. Shall motion number 5 be carried?

Ayes

McDonell, Vanthof.

Nays

Baker, Hoggarth, Lalonde, Milczyn, Potts.

The Chair (Ms. Soo Wong): The motion is defeated.

Shall section 3, without amendment, be carried?

Mr. Arthur Potts: Can we have a recorded vote on this?

The Chair (Ms. Soo Wong): Recorded vote? Okay.

Ayes

Baker, Hoggarth, Lalonde, Milczyn, Potts, Vanthof.

Nays

McDonell.

The Chair (Ms. Soo Wong): The motion is carried.

Section 4: There are no motions or amendment to this section. Any more questions or comments to section 4?

Mr. Yvan Baker: Chair, could I request a recorded vote?

The Chair (Ms. Soo Wong): For section 4? Okay.

Shall section 4 be carried?

Ayes

Baker, Hoggarth, Lalonde, McDonell, Milczyn, Potts, Vanthof.

The Chair (Ms. Soo Wong): It's unanimous. All those opposed? Carried. Section 4 will be carried without amendment.

Section 5: Any questions or comments?

Mr. Yvan Baker: Chair, could I just request a recorded vote on all future sections?

The Chair (Ms. Soo Wong): All future sections? Okay. You got that, everybody? All future sections from here on forward will be a recorded vote.

Any questions or comments on section 5? I'm going to call the question. All those in favour of section 5?

Ayes

Baker, Hoggarth, Lalonde, McDonell, Milczyn, Potts, Vanthof.

The Chair (Ms. Soo Wong): Okay. Section 5 will be carried.

Section 6: Any questions or comments to section 6? Seeing none, I'm going to call the question. Shall section 6 be carried?

Ayes

Baker, Hoggarth, Lalonde, McDonell, Milczyn, Potts, Vanthof.

The Chair (Ms. Soo Wong): Section 6 will be carried without amendment.

Section 7: Any questions or comments to section 7? Seeing none, I'm going to call the question. Shall section 7 be carried?

Ayes

Baker, Hoggarth, Lalonde, McDonell, Milczyn, Potts, Vanthof.

The Chair (Ms. Soo Wong): Section 7 is carried without amendment.

Section 8: Because motions 4 and 5 have been lost, were defeated, motions 6 and 7 will be deemed out of order.

Any questions or debate to section 8? Seeing none, I'm going to call the question. Shall section 8 be carried? This a recorded vote.

Ayes

Baker, Hoggarth, Lalonde, McDonell, Milczyn, Potts, Vanthof.

The Chair (Ms. Soo Wong): Section 8 will be carried without amendment.

Section 9: Any questions or comments to section 9? All those in favour of section 9? It's a recorded vote.

Ayes

Baker, Hoggarth, Lalonde, McDonell, Milczyn, Potts, Vanthof.

The Chair (Ms. Soo Wong): Thank you. Section 9 is carried without amendment.

Section 10: Any questions or comments to section 10? Seeing none—oh, you have a question?

Interjection.

The Chair (Ms. Soo Wong): Oh, okay. I'm going to call the question. All those in favour of section 10? It's a recorded vote.

Ayes

Baker, Hoggarth, Lalonde, McDonell, Milczyn, Potts, Vanthof.

The Chair (Ms. Soo Wong): Section 10 is carried without amendment.

Section 11: Any questions or comments to section 11? I'm going to call the question. All those in favour of section 11?

Ayes

Baker, Hoggarth, Lalonde, McDonell, Milczyn, Potts, Vanthof.

The Chair (Ms. Soo Wong): Section 11 is carried without amendment.

Section 12: Any questions or comments on section 12? Seeing none, I'm going to call the question. All those in favour of section 12?

Ayes

Baker, Hoggarth, Lalonde, McDonell, Milczyn, Potts, Vanthof.

The Chair (Ms. Soo Wong): Section 12 is carried unanimously.

Section 13: Any questions or comments on section 13? Seeing none, I'm going to call the question. Shall section 13 be carried?

Ayes

Baker, Hoggarth, Lalonde, McDonell, Milczyn, Potts, Vanthof.

The Chair (Ms. Soo Wong): Section 13 is carried.

Shall the title of the bill be carried?

Interjection: Carried.

The Chair (Ms. Soo Wong): No, it's a recorded vote, because Mr. Baker asked that the entire section be a recorded vote.

Shall the title of the bill be carried?

Ayes

Baker, Hoggarth, Lalonde, McDonell, Milczyn, Potts, Vanthof.

The Chair (Ms. Soo Wong): The title will be carried without amendment.

Shall Bill 40 be carried?

Ayes

Baker, Hoggarth, Lalonde, McDonell, Milczyn, Potts, Vanthof.

The Chair (Ms. Soo Wong): Okay. Shall I report the bill to the House?

Interjections.

The Chair (Ms. Soo Wong): Unanimous? Okay.

Let's go to a recorded vote, because you have asked for it.

Ayes

Baker, Hoggarth, Lalonde, McDonell, Milczyn, Potts, Vanthof.

The Chair (Ms. Soo Wong): Okay, ladies and gentlemen. We adjourn this committee. Thank you very much. We're finished for the day.

The committee adjourned at 1000.

CONTENTS

Thursday 16 April 2015

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Présidente
Ms. Soo Wong (Scarborough–Agincourt L)

Vice-Chair / Vice-Président
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)

Mrs. Laura Albanese (York South–Weston / York-Sud–Weston L)
Mr. Yvan Baker (Etobicoke Centre / Etobicoke-Centre L)
Mr. Victor Fedeli (Nipissing PC)
Ms. Catherine Fife (Kitchener–Waterloo ND)
Ms. Ann Hoggarth (Barrie L)
Mr. Monte McNaughton (Lambton–Kent–Middlesex PC)
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)
Ms. Daiene Vernile (Kitchener Centre / Kitchener-Centre L)
Ms. Soo Wong (Scarborough–Agincourt L)

Substitutions / Membres remplaçants
Mrs. Marie-France Lalonde (Ottawa–Orléans L)
Mr. Jim McDonell (Stormont–Dundas–South Glengarry PC)
Mr. Randy Pettapiece (Perth–Wellington PC)
Mr. Arthur Potts (Beaches–East York L)
Mr. John Vanthof (Timiskaming–Cochrane ND)

Also taking part / Autres participants et participantes
Mr. Toby Barrett (Haldimand–Norfolk PC)

Clerk / Greffier
Mr. Katch Koch

Staff / Personnel
Ms. Sibylle Filion, legislative counsel

ISSN 1180-4386

Legislative Assembly of Ontario

First Session, 41st Parliament

Assemblée législative de l'Ontario

Première session, 41e législature

Official Report of Debates (Hansard)

Tuesday 19 May 2015

Journal des débats (Hansard)

Mardi 19 mai 2015

Standing Committee on Finance and Economic Affairs

Building Ontario Up Act (Budget Measures), 2015

Comité permanent des finances et des affaires économiques

Loi de 2015 pour favoriser l'essor de l'Ontario (mesures budgétaires)

Chair: Soo Wong
Clerk: Katch Koch

Présidente : Soo Wong
Greffier : Katch Koch

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

http://www.ontla.on.ca/

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario

Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Tuesday 19 May 2015

Mardi 19 mai 2015

The committee met at 0902 in room 151.

BUILDING ONTARIO UP ACT (BUDGET MEASURES), 2015

LOI DE 2015 POUR FAVORISER L'ESSOR DE L'ONTARIO (MESURES BUDGÉTAIRES)

Consideration of the following bill:

Bill 91, An Act to implement Budget measures and to enact and amend various Acts / Projet de loi 91, Loi visant à mettre en oeuvre les mesures budgétaires et à édicter et à modifier diverses lois.

The Chair (Ms. Soo Wong): Good morning. I'm going to call the meeting to order to consider Bill 91, An Act to implement Budget measures and to enact and amend various Acts. Pursuant to the order of the House dated Wednesday, May 13, 2015, the witnesses will each be granted five minutes for their presentations, followed by nine minutes of questioning from the committee, or three minutes from each caucus. I ask committee members to ensure that the questions are relevant to the budget bill and to keep them brief in order to allow maximum time for witnesses to respond.

Do we have any questions before we start?

GEORGIAN COLLEGE

The Chair (Ms. Soo Wong): I'm going to call the first witness that's before us. I believe we have Georgian College. Good morning. Welcome.

Interruption.

Dr. MaryLynn West-Moynes: I'm just going to pretend that isn't my phone ringing.

The Chair (Ms. Soo Wong): That's okay. Good morning. Welcome. For the purpose of Hansard, can you please identify yourself and your position with Georgian College?

Dr. MaryLynn West-Moynes: Yes. My name is Dr. MaryLynn West-Moynes, and I'm the president of Georgian College.

Interjection.

Dr. MaryLynn West-Moynes: Nice to see you, too.

Interruption.

Dr. MaryLynn West-Moynes: Hopefully, that's going to stop. There we go.

Good morning. Would you like me to start, Madam Chair?

The Chair (Ms. Soo Wong): Yes.

Dr. MaryLynn West-Moynes: Madam Chair and members of the committee, I want to thank you for the opportunity to speak to you today after this wonderful weekend in Ontario. Let me begin by acknowledging this government's commitment to investing in people's skills and talent, and in infrastructure, both of which I feel are fundamentally key pillars to create a more prosperous Ontario.

I must tell you that the Georgian College Board of Governors and I are very privileged to partner with you to offer 120 career-focused post-secondary programs, certificates, diplomas and degrees to over 11,500 full-time students and 28,000 part-time learners in seven communities in central Ontario.

I must also say that we applaud the government's recent decision to invest $55 million in apprenticeship funding. This has been a long time in coming, the first time in almost seven years that we've seen an increase in apprenticeship funding directed to the colleges, which, as you know, do 90% of the in-class training for apprentices. This will go a long way to helping us meet our community's employment needs. I look forward to continuing to work with the government to ensure that Ontario has the skilled workforce that we need.

Today I'm here to bring your attention to another matter that is pressing to rural and northern colleges. That is the issue of overall financial funding stability. It's clear that the government recognizes the need to address the financial sustainability of the post-secondary education sector. Colleges and the province started to address this issue a year and a half ago by signing strategic mandate agreements which identify each college's mission, core strengths and long-term directions, and our outcomes are being measured in real, relevant ways.

The government has also said it is committed to reviewing the funding formula for both colleges and universities to reflect the reality of today's educational environment. The university sector review recently commenced, and it's not expected that the college review will start for two years. Meanwhile, the financial stability of Georgian College is at risk. I understand that Georgian is not alone in this, as many of the small and northern rural colleges are also struggling. This is a problem

you've seen before in Ontario. I know you understand it as a government.

For the past two years, we've been the recipient of the College Financial Health and Sustainability Grant. The government introduced this program to provide bridge funding for a limited number of colleges facing financial problems until the comprehensive review of the college sector funding formula was undertaken. Unfortunately, this two-year program has ended, and we have at least another two years before the college funding review will start.

At Georgian, we used the grant to initiate improvement of financial reporting so that we would have a data enterprise to look more closely at how we were utilizing the funds you have provided to us. I know it has already led us to operational efficiencies through the automation of financial processes. Unfortunately, our next phase was to do the same for our HR component of expenditures, and as the grant has been cut, I don't believe we'll be able to do that.

I want to stress to you that our college takes financial responsibility very seriously. As a steward of public funds, we simply do not spend money we don't have. However, when you combine increasing costs such as collective agreements, inflation and part-time pension contributions, which were recently announced, with lost revenues from the elimination of—we've lost \$3.5 million in small northern and rural grants, with a reduction in an enrolment bridge, ministry reduction in tuition, fee increases and grant per student, ministry tax on international student fees, the impact of the ministry decision on tuition billing and associated fees. I add those up, and in the two and a half years I've been president at Georgian, we've lost \$7 million of revenue. The College Financial Health and Sustainability Grant was close to half a million dollars.

How's my time? Am I okay?

The Chair (Ms. Soo Wong): Can you wrap up?

Dr. MaryLynn West-Moynes: I will.

I just want to say that that bridge funding was so important to Georgian and 10 other colleges. I understand the need to be financially viable, but I don't believe we want an Ontario where all post-secondary students are going to the GTA.

The Chair (Ms. Soo Wong): Okay, your time is up. I'm going to go to the opposition party to begin the questioning. Mr. McNaughton.

Mr. Monte McNaughton: Thank you very much, MaryLynn. You mentioned quickly about some pension changes. Can you explain what that was and the cost?

Dr. MaryLynn West-Moynes: Yes. In the last 18 months, we have introduced pensions for our part-time employees. For a small or medium-sized college, it's about half a million dollars a year.

Mr. Monte McNaughton: Was this something that was done through the collective bargaining?

Dr. MaryLynn West-Moynes: Yes, it was. Just so you understand that, we have about 300 full-time faculty and close to 1,800 part-time faculty. It's a recognition of where our workforce is moving and ensuring that they have a good life as well.

0910

Mr. Monte McNaughton: Secondly, you mentioned that this funding formula review for colleges isn't going to begin for two years. What will happen in that two-year period? What kind of reductions will you have to make at Georgian?

Dr. MaryLynn West-Moynes: We know that over two years we have to cut 10%. We've started this year with 5%. It means we're not replacing full-time faculty support staff and admin who retire. We have cut our part-time workers by 15%. Next year I think we'll probably have to reduce 11 programs that we're currently offering, and the usual—and this isn't a college president indicating that I'm not up for the usual 2% or 3% cut that most institutions have. It's just that the economics of a small and medium institution are not being met through the current funding model, and the financial sustainability bridge made up for that.

Mr. Monte McNaughton: You specifically mentioned rural and northern colleges. Are other colleges and universities faced with the same tough choices to make?

Dr. MaryLynn West-Moynes: Yes. I've been a vice-president at a medium college, a president of a large college, and now a president of a medium college, and it really is 11 colleges outside of the GTA that are struggling right now. You can look at our ledger sheets. It's pretty clear.

Mr. Monte McNaughton: Thank you.

The Chair (Ms. Soo Wong): Ms. Fife.

Ms. Catherine Fife: Good morning. The government is changing the Apprenticeship Training Tax Credit. I'm sure you're aware of this.

Dr. MaryLynn West-Moynes: Yes.

Ms. Catherine Fife: In 2015, they're reducing it by \$30 million; in 2016, by \$70 million; in 2017, by \$95 million. So the general rate is going to go from 35% to 25%, reducing the eligibility period from 48 months to 36 months, shrinking the annual maximum tax credit by 50%.

This is your opportunity to give some sense as to what impact those reductions in the tax credit will have, given the fact that youth unemployment, especially in the north, is very high. Please give us some sense as to those reductions around closing the doors for apprentices to actually have opportunities to learn outside of the classroom.

Dr. MaryLynn West-Moynes: Well, it's hard to have an apprenticeship discussion without feeling that there's a need for total reform. I think this is fundamentally the issue. We keep coming around the margin of apprenticeship and not realizing that the system isn't working. Quite frankly, we have appalling completion rates for apprenticeship. Part of the movement to encourage people to get in and graduate, I feel, is a good, good move.

Ms. Catherine Fife: What are your thoughts on hampering employer demand, though? We've heard from

employers that tax credits open the door to apprentices. If this bill passes as it is, unamended, then we're lessening the opportunity for employers to open their doors, because the government is taking away those tax credits.

Dr. MaryLynn West-Moynes: Again, I believe that there's a need for a total restructuring, a new responsibility for employers, and I actually believe more of an emphasis that apprenticeship is like other post-secondary programs.

Ms. Catherine Fife: Do you think that taking away the tax credit will be helpful or not?

Dr. MaryLynn West-Moynes: I honestly haven't looked at it closely enough to isolate it as a stand-alone issue.

Ms. Catherine Fife: Thank you.

The Chair (Ms. Soo Wong): This round: Ms. Albanese.

Mrs. Laura Albanese: Thank you for your presentation this morning and for giving us an overview of your comments—positive, and also on what is needed.

Our government has been committed to investing consistently, I would say, in colleges and universities, and I believe that in the span of 10 years, we've increased, on average, the funding by almost 80% to colleges and universities. I think that is also the case for Georgian College. However, you have highlighted some current issues that you are facing and that there are 11 colleges facing specifically your same situation, that of funding stability. So I guess that the review of the funding formula is what is really crucial to solve the current situation.

Dr. MaryLynn West-Moynes: Yes. As I said, in past years there was $10 million set aside for 11 colleges, which enabled us to address some of the unique issues that we were facing. But the real, fundamental issue is a revision to the funding formula.

Mrs. Laura Albanese: Okay.

Dr. MaryLynn West-Moynes: I will comment that we've been grateful for the 80% increase in funding, but at Georgian we've grown by 100% over that time. I don't want anyone to think that we're not good players in effectiveness and efficiency. For Georgian we have a $180-million budget. This is close to half a million dollars for us. That's the difference between us being able to make investments to improve our financial stability and—that's why you will see other colleges, I believe, try to impose on the government to rethink the decision not to go ahead with that grant these next two years.

Mrs. Laura Albanese: I also wanted to ask you this: The recent changes that we've announced, for example, to OSAP—you mentioned the apprenticeship—did those help you in any way?

Dr. MaryLynn West-Moynes: Absolutely. In central Ontario we're the fourth highest user of OSAP. It's another indication of being in rural Ontario and the financial ability of individuals. We see students struggling financially over and over again. This also fits the apprenticeship review. They're two systems. The OSAP funding model allows students to get in and complete a program, and we do applaud that as well. Thank you.

Mrs. Laura Albanese: Have you been hearing from business diploma students who can now transfer from one college to another under the new framework that has been implemented? Are there positive or negative comments around that?

Dr. MaryLynn West-Moynes: On July 1, I will have been 30 years in post-secondary education. We have improved pathways between colleges and universities in the last 10 years, something to be very proud of.

The Chair (Ms. Soo Wong): Ms. West-Moynes, we've finished with your presentation. Thank you very much.

Dr. MaryLynn West-Moynes: Thank you very much. I appreciate the time, everyone.

MR. TOM ADAMS

MR. MICHAEL HILSON

The Chair (Ms. Soo Wong): The next presenter is Tom Adams. Mr. Adams, welcome. As you heard earlier, you have five minutes for your presentation, followed by three minutes of questions from each caucus. You may begin any time. Please identify yourself for the purpose of Hansard.

Mr. Tom Adams: Madam Chair and members of the committee, my name is Tom Adams. I'm joined here by Mr. Michael Hilson. We're here to address amendments to the Electricity Act.

In 2001, Mr. Hilson and I wrote in the National Post that then-Auditor General Erik Peters mistakenly accepted the Harris government's balanced budget claim in that year. His specific error was to not understand the impact of the Ontario Electricity Financial Corp. on the government's books.

In 2005, Mr. Peters, then working for Mr. McGuinty's newly elected government, reversed his view of this relationship and agreed with us.

In 1999, I was appointed to the Ontario Market Design Committee, helping the Ontario government implement its privatization and market plans. One duty of that committee was to develop an agreement balancing the interests of ratepayers with Ontario Power Generation's responsibility to repay its portion of the stranded debt held by OEFC. Hydro One was another key element of that plan to repay debt, as were portions to come from the debt reduction charge and a small amount of payments in lieu of taxes from distribution utilities. At the time, Ontario Electricity Financial Corp.'s total interest-bearing debt was $31 billion, then considered to be a measure of failure not to be repeated.

After 16 years, during which the debt reduction charge has been over-collected and the Bruce capacity sold, where are we now? OEFC's interest-bearing debt today is $26 billion, before taking into account $9 billion of interest-bearing debt owed over at Hydro One. The people of Ontario are now worse off by $4 billion of fresh debt, but we have fewer assets to back that debt.

The 1999 plan to pay off the $31 billion was an obvious and disastrous failure.

The reason Mr. Hilson and I are here today is not to discuss changes in accountability to watchdog organizations for Hydro One. We are not here to contest the government's estimate that it will be able to sell 60% of Hydro One for $9 billion. On the contrary, we feel that taxpayers should feel relieved if this was actually to be realized. No; the reason we are here is to seek accountability for the money the government intends to withdraw from the already 100% mortgaged Ontario power system.

0920

The original legislation earmarked any privatization proceeds for debt repayment. Now the government contends that any proceeds in excess of book value are a windfall available to fund other initiatives. What the government ignores is that the book value of OPG and Hydro One is today $9 billion less than the outstanding debt held by OEFC. There is a shortfall to declare, not a windfall to spend.

The lion's share of the work servicing OEFC's debt over the last 16 years has fallen on Hydro One. OPG cannot even finance its own operations, let alone generate dividends. It is telling that the government's review of assets uncovered no opportunities to realize value from that institution.

Under the government's current plan for OEFC, $5 billion from the Hydro One sale will go to OEFC, but the burden of repaying the remaining $21 billion will fall mostly on OPG. The government also promises no impact on rates due to the sale. We say that selling wires to fund subways will require a new transit tax, either on ratepayers, taxpayers or some combination thereof.

Under Bill 91, $4 billion is about to be taken out of the power system for political reasons, with the Ontario public holding the bag. The Auditor General seems focused on watching Hydro One, but the central problem for taxpayers and ratepayers is the $26-billion problem left at Ontario Electricity Financial Corp.

Thank you.

The Chair (Ms. Soo Wong): All right. Ms. Fife?

Ms. Catherine Fife: Thank you very much, Tom and Mr. Hilson, for being here. I'd like to get a hard copy of your presentation, please, at some point.

Mr. Tom Adams: We'll post it on the Internet this afternoon.

Ms. Catherine Fife: Thank you. Under the current Electricity Act, all proceeds from selling Hydro One must flow directly to the OEFC to pay for the huge debt left over by Ontario Hydro, which you've just pointed out. Bill 91, however, rewrites the law to allow the money to flow into general government revenues instead. I'd like your opinion on what this might mean for hydro debt going forward.

Mr. Tom Adams: The government has the power to rewrite section 50.3 of the Electricity Act, giving them flexibility in disposition of assets, but whatever the act says, the debt at OEFC remains. That's the ball to keep your eye on.

Ms. Catherine Fife: Do you think it is possible that the government might assume new debt in order to pay OEFC, just to get you on the record?

Mr. Michael Hilson: From the government—

Ms. Catherine Fife: When the whole point of selling Hydro One, according to the government, is to avoid new debt, is there a risk in assuming new debt?

Mr. Tom Adams: They haven't explained what the plan is.

Ms. Catherine Fife: I know. Thank you for saying that in public.

You've also said before that the privatization of Hydro One will lead to a new electricity tax that the government hasn't been forthcoming about. Can you expand a little bit more than what you've already done in your presentation for us today?

Mr. Tom Adams: We take the view that the power system is at least 100% mortgaged. If you intend to take money out, there's going to be some new liability someplace in the system that will have to be serviced. Ontario Electricity Financial Corp.'s debt repayment plans have been secret for 16 years, and they're still secret. We think that plan should be on the record so that we can have a substantive conversation.

Ms. Catherine Fife: Which, of course, leads to decreased oversight by all the independent officers of this Legislature around Hydro One. It is public money, and people should have access to that information.

Mr. Tom Adams: You say decreased oversight—

Ms. Catherine Fife: Decreased.

Mr. Tom Adams: —decreased—but for 16 years, the Auditor General has had authority to investigate OEFC and its debt repayment plans but has declined to exercise that responsibility.

Ms. Catherine Fife: She has declined? Or they have declined? Please be clear.

Mr. Tom Adams: Successive officers of the Auditor General's office have not investigated what's been going on with the debt over at OEFC.

Ms. Catherine Fife: And you feel that that's a thing that needs to happen. Okay. Thank you.

The Chair (Ms. Soo Wong): Okay. Mr. Adams, your questions are up. This round, Mr. Potts.

Mr. Arthur Potts: Thank you, Chair, and thank you, Mr. Adams. I appreciate you coming, Mr. Hilson. You've done extensive research in the area of energy over the years. I've had the pleasure of reading you in many publications over the years, even before I had an opportunity to be here in this House; you've been very thoughtful in your investigations and your approach.

I also know, of course, that you've assisted the party opposite, the PCs, in the development of their white paper. I don't mean that in any way as a political slight, but to say I know that's flavoured the kind of approach you've taken to it and the advice you're giving them on how to run the electrical system.

I've got to commend you on validating the capital assessment that we're making on Hydro One—the book value, as you suggest. You're not here to be critical of

that, and we appreciate that, because I think our estimations are in the ballpark, in the right area, depending on whether investors are going to be satisfied with a 5% type of return. If that should be a 4% return, the corporate capital value of that asset could be a lot higher, and the amount of money that could be freed up in order to go forward with our plan could be significantly greater.

You talk about us not having explained the plan. I see the explanation on a daily basis, so it may be that you don't agree with the explanation, but clearly we're opening up the asset in order to free up money. You've agreed that the stranded debt associated with that asset is about right, and then we're going to utilize the additional, the net savings or the net gains from that, to put into new infrastructure. We've been very clear, I believe, on that additional—whether it's $4 billion or more, if the asset is worth more—as we go through with a 15% tranche and another 15% tranche.

First off, I think you must be very supportive of the idea of putting private sector oversight into Hydro One by selling off a sizable portion of the equity shares and moving it from a crown corporation to the oversight of a private body like the Ontario Securities Commission. Would you be supportive of that basic move, and particularly trying to reallocate those assets for a more productive purpose like building infrastructure?

Mr. Tom Adams: We're supportive of privatization of Hydro One. Our concern with respect to transparency is the lack of transparency about the debt repayment plan at OEFC. You've concentrated your remarks with regard to Hydro One; that's fair, but there's another story, which we think is the central story of this element of the legislation, which is the debt repayment plan for OEFC. That has not been explained.

Mr. Arthur Potts: We know where that initial debt—and how it became stranded. It is an elephant that needs to be wrestled with. I believe, as you point out, it has come down some $5 billion since 1999—

The Chair (Ms. Soo Wong): Mr. Potts, your time is up. I'm going to go to Mr. McNaughton.

Mr. Monte McNaughton: Tom, thank you very much. That was a great presentation. I wondered if you could maybe put into perspective the potential for rates to go up in Ontario. This decision by the government—how will that impact consumers? At some point, this $35-billion debt has to be managed. Can you give any indication as to where hydro rates are going to go?

Mr. Tom Adams: We believe that the ratepayer-backed electricity debt has risen since 1999. It has gone from $31 billion to $35 billion. We don't believe that there's any windfall here. Any attempt to extract cash out of this already debt-increasing situation is going to drive the debt higher in some respect, but we're not sure where it's going to appear.

Mr. Monte McNaughton: What is the risk of this debt to the overall energy system in Ontario? I mean, at some point, this is going to be unsustainable.

Mr. Tom Adams: It already is. Electricity consumption in Ontario peaked in 2005; it's been declining ever since. Customers can't pay their bills. Many large consumers are simply exiting the province to escape from this.

The debt represents future locked-in rate increases. We have many other factors that are also driving up electricity prices, irrespective of the situation at OPG and Hydro One. All of this is just making the situation from bad to worse for electricity consumers. They're fundamentally the value underneath this—you know, they're the source of all the funds for all of this, and we just don't see the plan.

Mr. Monte McNaughton: Okay. Thank you very much.

The Chair (Ms. Soo Wong): Thank you, Mr. Adams. Thank you, Mr. Hilson.

0930

CANADIAN COUNCIL FOR PUBLIC-PRIVATE PARTNERSHIPS

The Chair (Ms. Soo Wong): Our next presenter is the Canadian Council for Public-Private Partnerships: Mr. Mark Romoff. Good morning. Welcome.

Mr. Mark Romoff: Good morning. Thank you.

The Chair (Ms. Soo Wong): Mr. Romoff, you know you have five minutes for your presentation, followed by three minutes per caucus for questions to you. This round of questions will begin with the government side. You may begin any time. Please identify yourself and your position with the partnership.

Mr. Mark Romoff: Thank you. My name is Mark Romoff. I'm the president and CEO of the Canadian Council for Public-Private Partnerships. Thank you again, Madam Chair and committee members, for allowing me to appear before the committee today. On behalf of the Canadian Council for Public-Private Partnerships, I'm pleased to be here today to speak in support of Bill 91, the Building Ontario Up Act.

By way of background, the Canadian Council for Public-Private Partnerships is a non-partisan, not-for-profit organization with more than 400 government and industry members from across Canada and abroad. The council is dedicated to promoting innovative infrastructure and public service delivery solutions through the use of public-private partnerships. We provide the venue, the research and the expertise to assist representatives at all levels of government to make smart public policy choices when procuring infrastructure. We seek to build awareness, acceptance and adoption of P3s and encourage all committee members interested to engage with us if you want to learn more about this particular sector.

Just last week, I appeared before the federal government's House Standing Committee on Transport, Infrastructure and Communities, where I mentioned that Canada has come a long way over the past 20 years in infrastructure development, but more work remains. In fact, I commended the federal government for its historic investments in infrastructure. But not to be outdone, the province of Ontario raised the bar even higher: Ontario's

10-year, $130-billion long-term infrastructure plan is the largest investment in infrastructure in Canadian history.

At the same time, we know the government of Ontario is working towards eliminating the deficit. We recognize that a strong balance sheet and low debt-to-GDP ratio are important targets for the long-term prosperity of this province. Bill 91 strikes a balance of investing in important core public infrastructure while making a significant step toward moving back to balance.

Bill 91 implements key elements of the accepted recommendations of the Premier's Advisory Council on Government Assets. In particular, the proceeds from the partial sale of Hydro One will contribute $5.7 billion toward infrastructure, with the remainder earmarked for debt reduction. Budget 2015 also dedicates an additional $2.6 billion of the long-term infrastructure plan toward public transit and transportation.

Bill 91 also makes changes to the Highway 407 East Act, which is a great project that will extend the 407, initially to Oshawa and then to Highway 35 at Clarington. It is also an example where the Ontario government has taken the successful elements of the original Highway 407 ETR project and made changes based on lessons learned, which ensures that the procurement of the Highway 407 east phase 1 and phase 2 projects will deliver impressive value for Ontario taxpayers. These investments are critical to addressing the longer-term infrastructure needs in this province.

There is no shortage of major projects coming down the pipeline. We know on transit that Toronto needs a downtown relief line and the implementation of SmartTrack, and Ottawa is already looking at a phase 2 for the Confederation Line LRT.

Hospitals, courthouses, highways and bridges, amongst others, will need renovations or replacement. These are major projects that carry significant risks. Thankfully, Ontario is a world leader when it comes to the use of public-private partnerships or, as it's known in this province, alternative financing and procurement. The partnering of the public and private sector and the sharing of risk based on who is best able to manage it has led to an unprecedented record of on-time, on-budget, high-quality infrastructure projects in Ontario and across Canada.

An independent impact assessment of P3s, AFP projects, undertaken over the 10 years between 2003 and 2012 showed that in Ontario alone, AFP projects created 144,000 direct jobs, added $12.76 billion to direct GDP, saved the government over $4 billion and provided the federal and provincial governments $3.85 billion in tax revenue, with $1.19 billion of that coming to Ontario.

Going forward, the future for P3s in Canada looks bright, with new jurisdictions coming on board, including the territories, municipalities and aboriginal communities—

The Chair (Ms. Soo Wong): Mr. Romoff, can you wrap up?

Mr. Mark Romoff: Yes—and new sectors, including urban transit and water/waste water.

We know that P3s share widespread support among the Canadian public. A recent survey by Nanos Research indicated that 62% of Canadians favour P3s. At the same time, when we look at communities, they are even stronger supporters of the AFP approach.

The Chair (Ms. Soo Wong): Okay. I'm going to go to Ms. Hoggarth.

Ms. Ann Hoggarth: Thank you, Mr. Romoff, for your presentation. Part of our infrastructure plan is the continuation of the AFP model as a procurement tool. Can you speak as to how this model is transferring risk from the public to the private sector, please?

Mr. Mark Romoff: As I mentioned earlier, in the case of every public-private partnership, the key is to ensure that the risks are allocated to the party best able to accept them. So, for obvious reasons, political risk, for instance, would remain with the government side.

But design risk and construction risk, both of which tend to lead to excess spending or to spending over budget, are, in each instance, transferred to the private sector. So if there are challenges with the design and there are cost implications as a result, those are absorbed by the private sector consortium, as they are construction.

The key here is, you have a fixed-price contract which outlines responsibilities for the private sector and specific outcomes which are to be achieved, generally over a period of 30 to 35 years. So you're not only locking in the price, which makes it predictable for governments in terms of knowing what their long-term obligations are; at the same time, you're ensuring that needed maintenance for the asset that's being built is provided, to a standard agreed to at the outset, for the next 30 to 35 years. As you know, when it comes to maintenance, governments have an uneven record when they have responsibility for it themselves.

Ms. Ann Hoggarth: Right. The TD Economics special report on AFPs found that reverting entirely back to the old models of procurement would represent a major step backwards for this province. Could you please explain their rationale for this assessment?

Mr. Mark Romoff: I think, again, what the TD report points out is that the benefits of an AFP approach in Ontario have been very strong. It has led to the majority of projects being brought in on time and on budget, at significant savings to Ontario taxpayers.

So the concern is that if you abandon that approach and revert to more traditional procurement, you're going to end up with much of the same results: a Spadina extension way over budget; the waterfront project, way over budget; Nathan Phillips Square, way over budget—all examples of procurements that have gone ahead using the more traditional methods, and they have led to projects generally coming in late and more expensive than expected.

Ms. Ann Hoggarth: Thank you so much.

The Chair (Ms. Soo Wong): Mr. McNaughton.

Mr. Monte McNaughton: Do you have any statistics as far as the increase in P3 partnerships over the last number of years in Ontario?

Mr. Mark Romoff: The number has been large. At the moment, we have more than 224 projects across the country. More than half are in the province of Ontario, and the majority of projects in this particular space have taken place over the last 10 years.

The introduction of P3s in Canada—or AFPs—began back in the early 1990s. It was relatively slow for a while, and then, about 10 years ago, you see a true hockey stick, so a big jump in projects.

Mr. Monte McNaughton: Do you know, off the top of your head, a dollar value in Ontario of P3 partnerships?

Mr. Mark Romoff: Not off the top of my head. I can tell you that, for projects across the country that have reached the point of financial close—therefore, either the construction is under way now or the project is in operation—the value of those projects exceeds $73 billion. So it's very big business across Canada, and, as I say, Ontario leads the pack in that regard.

Mr. Monte McNaughton: Great. Thank you.

The Chair (Ms. Soo Wong): Ms. Fife.

Ms. Catherine Fife: Thank you very much. Hello, Mark. How are you doing?

Mr. Mark Romoff: Good morning. How are you?

Ms. Catherine Fife: What are your thoughts on the fact that Bill 91 does not require that Hydro One proceeds, or any revenue from the asset optimization program, go into the Trillium Trust or that it be spent on infrastructure or transit at all? Do you have any concerns about that?

Mr. Mark Romoff: My interest is really in working with the government of Ontario to enable them to move ahead with modern approaches to infrastructure procurement. We work closely with all governments across the country to enable them to do that, which is why I talked a bit about research providing the evidence that governments need to enable them to make good public policy.

0940

Irrespective of the source of funding, the key here is to ensure that governments continue to invest in infrastructure, first and foremost because those kinds of investments are critical contributors to job creation, economic development and globally competitive communities. We see that around the world—

Ms. Catherine Fife: But the funding is a big piece of it, right? I mean, the government is selling us on the sale of Hydro One based on the fact that they need money for infrastructure and P3s. Yet contained in Bill 91, which is what this committee is supposed to be looking at, they have not built any true commitment to ensuring that the sale of Hydro One, the proceeds from that asset optimization, or unlocking, or broadening ownership, however you want to call it, is actually going to go towards infrastructure. Clearly, this government has been very kind towards the P3 model, if you will, but there's no guarantee in this bill that that money is actually going to get towards infrastructure. Were you aware of that, actually, at the beginning?

Mr. Mark Romoff: I understand the implications of the bill, but I'm a true believer in finding whatever sources you can to enable infrastructure to happen.

Keep in mind that there are two different issues that we're talking about here: One is funding, which is enabling governments to provide some funding for those projects; but the key to public-private partnerships, or AFPs, is turning to the private sector to identify alternative sources of financing. It's the engagement of the private sector in these projects that ensures there is skin in the game. It's the skin in the game that ensures that you'll get the kinds of results we've been talking about with respect to on time and on budget.

Ms. Catherine Fife: But you know that the Auditor General found that, essentially, this government is borrowing at credit card rates for infrastructure, because they are so biased, or lean so heavily, towards the AFP model.

Mr. Mark Romoff: I don't believe the AG said that.

Ms. Catherine Fife: Well, it's $6.5 billion more in additional funding than a traditional procurement. It's actually in her report. She also questioned the evidence as well. I know that you are a believer in evidence and comparing a traditional procured project versus a P3. But she found that that evidence, the empirical evidence, is not there. So there's still a lot of work to be done, I think, on that file.

Mr. Mark Romoff: There is no doubt that it would be very helpful if governments across the country, including Ontario, kept reliable information around the costs of traditional procurement. But that doesn't obviate the value of an approach like P3s, which are well documented. Quite frankly, if traditional procurement received the same kind of scrutiny and oversight that's imposed on P3s, all boats would rise. Quite frankly, AFPs account for no more than 10% to 15% of all infrastructure procurement in Ontario and Canada writ large. It's a lot of attention for a fairly modest piece of the action. Nonetheless, I'm all for that, but I'm all for it right across the board.

Ms. Catherine Fife: Okay. Thanks very much.

The Chair (Ms. Soo Wong): Thank you, Mr. Romoff.

Mr. Mark Romoff: Thank you very much.

REGIONAL MUNICIPALITY OF YORK

The Chair (Ms. Soo Wong): The next presenter is the regional municipality of York. I believe we have Bruce Macgregor and Mary-Frances Turner.

I know the Clerk has something that has come forward to all of us. There's some handout to share with us.

Good morning.

Ms. Mary-Frances Turner: Good morning.

Ms. Lina Bigioni: Good morning. I'm replacing Bruce.

The Chair (Ms. Soo Wong): Good morning. Welcome. Can you please identify yourself for the purposes of Hansard, as well as your position with the regional municipality of York.

Ms. Mary-Frances Turner: Thank you. My name is Mary-Frances Turner, and I'm the president of York Region Rapid Transit Corp. I'm joined today by Lina Bigioni, who is the director of government relations with the region of York.

The Chair (Ms. Soo Wong): You can start any time.

Ms. Mary-Frances Turner: Madam Chair and members of committee, thank you very much for providing this opportunity to speak with you today. We join you this morning to lend our support to Bill 91 and to the 2015 provincial budget.

From the perspective of transit and transportation investment, this budget continues a long-awaited investment in public transit. The $16 billion in dedicated funds that are going to be made available for transportation and other critical infrastructure across the greater Toronto and Hamilton area, through the Move Ontario Forward plan, will have enormous beneficial impacts on growth, sustainability and the livability of this region for decades to come.

The region of York is one of the fastest-growing regions in Ontario. Its population is set to grow to over 1.6 million people by 2031. The region's employment growth also continues to steadily increase, outpacing even the provincial and the GTA averages in 2014.

Transit is vital to the intensified smart growth happening today in our communities. It is a necessary link between our emerging urban growth centres and an essential component to ensure York region and all the regions continue to thrive. Not only will this investment help to ease congestion, but it will make it easier to move goods throughout the region and the GTHA. So it is only with the support of senior governments that we can ensure that sustainability generates the funding that is essential for the ongoing investment that's needed in transit and infrastructure in this province.

York region itself has wisely supported, endorsed and invested in major transit expansion programs in York region, including the Toronto Spadina subway extension and our vivaNext bus rapid transit system, as well as a number of facilities and terminals. We pragmatically chose bus rapid transit to provide the capacity that we needed. It approximated LRT but at the lowest possible cost. And we continue to receive enthusiastic feedback from our riders with the time they have saved on our newly opened rapidways on Highway 7 between Bayview and Warden Avenues.

The expansion of regional express rail is part of a very long-overdue investment in GO Transit. Once implemented, GO RER service will increase transit ridership, reduce travel times, help manage congestion and overcrowding on highways, connect more people to more jobs, and improve the economy, and the investment will have significant long-term impact on how our communities grow.

We are very encouraged to see an allocation of funds towards the Yonge North subway extension. Sustained funding to advance this project is critical. And while the budget at this stage does not provide for construction, continued engineering of this very important project and property securement is timely to avoid the long delays that it takes to get these very large projects up and running. These projects take at least two to three years to engineer and make shovel-ready, and York region is very committed to helping continue to advance this critically important project. It's an important missing link in the overall dedicated rapid transit system, and today it represents over 1,200 buses per hour per day travelling to an outdated terminal at Finch. It will have the highest immediate ridership of any rapid transit project, carrying over 165,000 riders on a daily basis.

With the Yonge subway extension, the intensification of the development of the planned Richmond Hill-Langstaff urban growth centre will meet the province's Smart Growth objectives and create the Union Station of the north, linking GO service, subway service, bus rapid transit service and the 407 bus rapid transit service.

So transit investment, as you can see, is a critical and necessary driver to the economy of the GTA.

I'd like to conclude by reiterating our support for Bill 91 and the Moving Ontario Forward plan. This bold support for transit is proof of the province's commitment to transportation investment that will contribute to the growth and development of York region and the GTHA, and will benefit the local economy and quality of life for generations to come.

The Chair (Ms. Soo Wong): Thank you very much. Mr. McNaughton.

Mr. Monte McNaughton: Thanks for presenting today.

In your opinion—and I'm not sure what your municipality supported in the past—how would you recommend the province of Ontario pay for the transportation upgrades?

Ms. Mary-Frances Turner: We've been involved in all of the different strategies. We've worked very closely with Metrolinx. We've worked very closely with Anne Golden's panel on the investment infrastructure strategy that she brought to the province of Ontario.

What we know is that sustained long-term investment in transit infrastructure is critical, and finding a path to that sustained funding is really very necessary or the economy will really stagger with respect to—

Mr. Monte McNaughton: I agree, and I think all the parties here agree with that as well, but I want to push you a bit on exactly how this should be paid for. You say you support Bill 91. Is it the selling of public assets, like Hydro One? I want to know exactly how Ontario should pay for the $16 billion in spending.

Ms. Mary-Frances Turner: Well, I do support Bill 91 and sections 9 and 20 of that bill, which speak to the selling of public assets, if that is a way to move forward with transit infrastructure funding. In fact, I think it's a brilliant move, if that's what's necessary to move forward with infrastructure investment funding, which is a critical problem across this entire country. Very few governments have had the courage to find a way to figure out how to do that.

Mr. Monte McNaughton: Thank you.

The Chair (Ms. Soo Wong): Ms. Fife.

Ms. Catherine Fife: I want to commend you, as a municipality. Municipalities have been advocating for a long time to get the resources that they need, and they're looking for cost-sharing, I think, actually, which is not part of Bill 91.

0950

It's interesting that you mention Anne Golden's report because Anne Golden would never, in a million years, ever recommend selling off Hydro One as a major strategic public asset for a quick gain of $4 billion towards transit. She had some good recommendations in those reports, and none of those are found within this bill.

Do you have any concerns about the fact that Bill 91 is predicated fully, pretty much, for transit anyway, on selling off Hydro One, but there's no clear pathway to ensuring that the funding or the proceeds from that sale will actually go towards transit?

Ms. Mary-Frances Turner: We support the setting up of the Trillium fund, which is—

Ms. Catherine Fife: This does not guarantee that it's going to get to the Trillium Trust. You understand that, right?

Ms. Mary-Frances Turner: But there is an indication, and we have had success working with upper levels of government in the setting up of trust funds that help invest in transportation projects. It is a mechanism that can be used, and we have seen it done successfully. My understanding is that the Trillium fund is the mechanism the province intends to use to take the proceeds from those assets to ensure that these infrastructure projects can be built.

Ms. Catherine Fife: So you trust the government. That's what you're saying. You trust the government to put the money in the Trillium Trust.

Ms. Mary-Frances Turner: I trust the government to have made a wise decision to move forward on infrastructure investment. That's where we are, and that's a very important moment.

Ms. Catherine Fife: You have some impressive ridership numbers in your report, and I want to thank you for that. But when the government defers a long-planned project, for instance, like the Sheppard East LRT, which has been funded since 2009, are you confident that the government is actually going to follow through on any of these promises? If you pay attention to the transit announcements, they're pretty much aligning closely with the federal election ridings going forward.

Ms. Mary-Frances Turner: I've been in the transit investment, transit construction business for well over 15 years now and have seen four or five different levels of government. I do know these projects can and do get built. We are building them in York region, and I welcome you to come and see them—

Ms. Catherine Fife: I'd like to—

Ms. Mary-Frances Turner: With enough determination, these projects can and do get constructed.

Ms. Catherine Fife: Thank you very much.

The Chair (Ms. Soo Wong): Mr. Baker.

Mr. Yvan Baker: Thank you very much for coming in today and speaking to us.

It's interesting. My seatmate in the Legislature is Chris Ballard. He's the member for Newmarket–Aurora. I know he's a strong advocate for infrastructure investment in your region, as are other members of caucus. Thank you for talking to us today and for echoing some of those thoughts.

A couple of things that came out of the discussion you just had previously is about this issue around the net proceeds from the sale of Hydro One going to infrastructure. I'm just going to reiterate what I think you were saying, which is that our government has been very clear about the fact that those net proceeds will be used for the Trillium Trust and those proceeds will then be used for infrastructure investment. I think you've spoken to the fact that the communities you represent are growing quite rapidly, and that's in fact one of the reasons why significant infrastructure investment has been made in your region and will continue to be made.

Obviously, this bill and our government are committing to making the largest single infrastructure investment in Ontario's history. I know you've done this a little bit, but can you talk a little bit about what the benefits will be to your community and the people living in your region of this investment?

Ms. Mary-Frances Turner: I think this is probably one of the announcements that when you look back in time, you'll realize the day that Ann and the Premier got off the train in Barrie and the announcement was made about the investment in GO Transit—how significant this announcement will be to our growth strategy.

If you can think to European styles of how people live and work in Europe and how they just walk down the street, get on the GO train and go in and out—they don't think about when the next bus is coming.

The whole opportunity to move Ontario differently has just happened with this announcement. I think it's an incredibly significant investment and announcement that the GO lines will be electrified, that people will have real options and real choices for how they move throughout the GTHA.

Mr. Yvan Baker: Fantastic. And can you talk a little bit about the GO service—because there are many folks who may not be familiar with your community, specifically, with York region—how it will specifically touch people in York region?

Ms. Mary-Frances Turner: Absolutely. The magnitude of the announcement that was made by the Premier and the minister that day was that GO service would be expanded to 15-minute headways on electrified tracks on two of the three GO service rails servicing York region and will be extended to all-day service to Barrie, allowing that community and the colleges that the president was just speaking to to be able to commute in and out of the city all day long and then to connect Markham centre, a huge urban growth centre in Markham, where we have the Pan Am Games happening this summer, and a new

downtown emerging—we'll have 15-minute, all-day service. These are really significant changes in how we will actually move around our communities.

Mr. Yvan Baker: Thank you very much.

The Chair (Ms. Soo Wong): Thank you very much, Ms. Turner. Thank you, Ms. Bigioni.

Ms. Mary-Frances Turner: Thanks for having us.

MR. X INC.

The Chair (Ms. Soo Wong): The next presenter is Mr. X Inc.: Dennis Berardi.

Mr. Dennis Berardi: I have some handouts.

The Chair (Ms. Soo Wong): The Clerk will come around to pick them up from you.

As you heard earlier, sir, you have five minutes for your presentation, followed by three minutes of questioning. In this round, questioning will begin with the third party. You may begin any time. Please identify yourself for the sake of Hansard. Thank you.

Mr. Dennis Berardi: Great. Thank you. My name is Dennis Berardi. I'm the founder and president of a company called Mr. X Inc. in Toronto. We do animation and special effects for films and television. I'm here to talk about how the proposed changes will affect my company and, I think, a bunch of other companies and Ontario as a whole.

I started the business with my own money, on credit cards and one investor 15 years ago. Today, we're 200 people, employing artists, technicians, programmers, fine artists, coordinators and administrators, and we've emerged as a powerhouse on the global scale. I will say that Ontario itself has emerged as a powerhouse in film production and television production worldwide.

When I started the company, I had to learn how to sell the business, and after many failures I did learn how to do that. I talked about an end-to-end approach including design, the innovation that we employ and our financial strength as a company, because studios won't hire businesses that go bankrupt. Film is plagued with that type of thing.

One of the things that I did talk about, however, which became a real selling point and, frankly, a competitive advantage was the partnership I had with government in Ontario. I used to tell the clients, the studios, that Ontario believed in us as a sector, that they were investing in a sector that they believed in. I was employing people, and together we succeeded.

If you look at my slide on page 5: six years' compound annual growth rate at Mr. X of 26% from 2008 to 2014. We're a company with no debt. We're cash-flow positive. As we got bigger, our financial strength improved year over year. EBITDA—or operational profit, as I call it—is 22% to 25%, investing a million dollars every year in Toronto in my business in infrastructure.

The reputation continued to grow. Movies like RoboCop, Pompeii, Mama, Vikings—one of the most highly rated television shows; Mr. X's artists were Emmy nominated for that. Our clients—CBS Films, Constantin, Focus, HBO, Lionsgate—are some of the most prolific production companies and studios in the world, hiring us right here in Toronto, employing kids from Sheridan, Seneca, Humber and York.

If you look at my growth in demand, I see the prospects as growing. We identify our future potential market demand—the market that we go after—as $2.7 billion globally. It's a growing market. For shows like Vikings, on slide 11, we're filming actors on blue screen in Dublin and we're bringing all that work right here to Toronto, and we're creating the entire world around them—all that water is digital water, rendered and animated here in Toronto.

We've been moving the company towards what I call the tier 1 landscape, the global landscape, where we're actually not competing on price anymore; we're competing on quality. But there's a paradox there, inasmuch as once you start to do that, and this is what I want to talk to you about—the reason we win business or how we win business is, this tax credit, has become a real barrier to entry.

I don't know how it has happened, but globally, every jurisdiction that has become a production centre in the world has a tax credit. In the last five years, 30 of the American states have put in a tax credit, copying the Ontario model in a lot of cases. It's a necessary condition to have a tax credit to even bid on a project. A producer's starting point is, "What is the tax credit situation in that jurisdiction?" We've created a situation in Ontario where we've struck a nice balance of a nice tax credit for producers and a tax credit that has allowed me to harness that into a successful business.

1000

The Chair (Ms. Soo Wong): Mr. Berardi, can you wrap up?

Mr. Dennis Berardi: Yes.

The Chair (Ms. Soo Wong): Thank you.

Mr. Dennis Berardi: I'm going to get to my recommendations. My recommendations are frankly that you don't touch it; you leave it alone. It's working. We're employing thousands of people—31,000 people in our estimations at FilmOntario.

If that can't happen, I would say at least grandfather these changes in so that the clients and customers who have already committed to our jurisdictions can have enough of a fair warning on it.

There's a technical rule that maybe someone can ask me a question about, this OCASE, which is tethered. I think that that is a real problem.

I'll take questions.

The Chair (Ms. Soo Wong): Ms. Fife?

Ms. Catherine Fife: Thank you very much, Dennis, for coming in. Was FilmOntario consulted in any way about these drastic changes to the industry?

Mr. Dennis Berardi: There was consultation; however, I will say, as a business owner and a board member of FilmOntario, that we were all blindsided by these changes.

Ms. Catherine Fife: Okay. New Democrats support the grandfathering in of this change, just so that it gives

at least the industry a chance to adapt for now, because these changes came in immediately, right? So they are affecting mid-production?

Mr. Dennis Berardi: Yes, we have productions we're currently working on right now, a movie called Ben-Hur, for example, a big Hollywood production that Mr. X is doing the work on. They committed to us based on the old rules.

Ms. Catherine Fife: Sure.

Mr. Dennis Berardi: Now this rule came in and it's retroactive to April 23, and it has really upset MGM, one of our biggest clients.

Ms. Catherine Fife: So the day the budget was introduced, it became retroactive—

Mr. Dennis Berardi: On that day.

Ms. Catherine Fife: On that very day. That's incredible.

Do you have any sense of reputational that you can speak to—because a lot of your presentation is about building this industry. The return on the investment for the economy on the tax credits is well documented. It's very healthy, actually.

Mr. Dennis Berardi: I've tried to quantify that. Thanks for asking that question. Look at slide 21, which I didn't get to in my presentation. If the proposed changes go in as is, meaning with no grandfathering, where OCASE is still tethered, and the reductions—the reductions are bad enough; you were talking about a 14% reduction in the services tax credit, which makes us less competitive, I think, significantly. Then, in my business—I can't speak to the whole industry, but I think it's going to bear out—I would see a 10% decline year over year so that by 2018, we would be 65% of the revenues we are today and probably have to lay off 75 people.

Simultaneously, I would put those resources into my New York and London operations, which are just getting going now. Both of those jurisdictions have just gone the other way. They have increased their tax credits.

Ms. Catherine Fife: Yes. Thank you very much.

The Chair (Ms. Soo Wong): Thank you.

Mr. Potts.

Mr. Arthur Potts: Thank you, Mr. Berardi. Thank you very much for coming in. Congratulations on what you've been building. In my riding of Beaches–East York—I actually live in Toronto–Danforth—

Mr. Dennis Berardi: I think you've met with some of our staff.

Mr. Arthur Potts: Yes, I was going to say I met with Mandy and, I believe, Chris MacLean last week: excellent commendations to them for presentation of the case to us and to me, a message which I think is being heard and we're reviewing very carefully.

Obviously, the business that you have developed—and again, competing on quality and not just price is super important. We believe that the tax credits as is will keep us as a number one tax credit destination in North America. Can you just comment maybe on that?

Then I know also that Mandy brought up very clearly this whole tethering question. I know we've heard that issue, but maybe you could explain or expand on that more.

Mr. Dennis Berardi: Okay, so the reduction in the services tax credit is a 14% reduction, from 25% to 21.5%. That puts about 10 other jurisdictions ahead of us around the world in terms of competitiveness. The producers are so price-sensitive. You're talking about millions of dollars of spend; every percentage point matters.

In the old system we had struck that balance. It was roughly on par with the Quebec tax credit and the businesses did the rest. It just levelled the playing field. I think now we're taking ourselves off the playing field entirely.

The OCASE tax credit is the Ontario credit for animation and special effects. It's a tax credit that I use as an employer—

Mr. Arthur Potts: In the special effects.

Mr. Dennis Berardi: —in special effects, and I use it as a pricing tool to help offset my pricing to combat lower-labour-cost markets emerging, like those in China and India. I also use it to pay globally competitive rates to artists right here so that we don't lose artists.

What this does is, it links my application to that credit to someone else's credit, the producer's credit, effectively making me finance that credit up front for up to 24 months, 30 months, until I get that tax credit. I'm not a bank. I don't have the resources to finance that type of credit up front.

Mr. Arthur Potts: I appreciate your comments earlier about how every jurisdiction has the credits, and many have modelled them after Ontario's model, and we think that will continue. Maybe some jurisdictions will discover that they're maybe more rich than they need to be.

But you do know that the credits this year will be greater than last year. This has been a phenomenal success. We're doing $440 million projected this year from a budget in culture of about $1.2 billion. The film industry tax credits represent almost a third of the entire cultural budget.

Mr. Dennis Berardi: I don't disagree, but you're investing; it's not a disbursement. I mean, we employ 200 people. With 31,000 people, we're putting back into the economy. Just since January, I hired 30 people, most of them graduates from schools right in this jurisdiction. We are doing our fair share.

Mr. Arthur Potts: Fair enough.

The Chair (Ms. Soo Wong): All right. Thank you very much. Mr. McNaughton.

Mr. Monte McNaughton: Well, to continue what you were just talking about, can you let the committee know, over the last number of years, what the industry contributed to Ontario from a dollars standpoint?

Mr. Dennis Berardi: FilmOntario commissioned a study from a third party called Nordicity. Some of their stats—have any of you seen that report?

Mr. Arthur Potts: I have.

Mr. Dennis Berardi: You've seen it? So they talk about 31,000 jobs that we contribute, generating $1.8 million in economic activity—the third-largest production jurisdiction in North America, by the way—

Mr. Monte McNaughton: Sorry: $1.8 billion?

Mr. Dennis Berardi: Billion, yes. About half of that is foreign service work, American service work mostly, and the other half is domestic. Sorry; I'm not getting those stats right now, but they do in that Nordicity study claim that we contribute back, in terms of income tax, corporate tax and everything else, a surplus. I think it was around $60 million. I can forward you that report.

Mr. Monte McNaughton: Great. That's good.

The other thing: When this tax credit started, was it something that the industry assumed would continue forever?

Mr. Dennis Berardi: You know what? It started out as a—it was a master stroke. There was a brain drain happening at the universities. I remember at Sheridan College, when I would teach, the entire graduating class would be hired by Disney or Pixar or ILM. Those days are long gone. You were investing in the economy of the future. New media, technology, information, communication: These are the commodities that we're going to consume in the future. It immediately incubated businesses like mine.

Did I think it was going to last? I don't know, but the de facto norm that we have now, the global standard, is that all of the competing jurisdictions have this tax credit. If we're going to compete, we have to be on par with them. That's all this does.

Mr. Monte McNaughton: Right.

Lastly, what else is attractive in Ontario, in this industry, putting the tax credit aside? I'm assuming there's a lot of infrastructure built now, and—

Mr. Dennis Berardi: It's a great question. We have great shooting locales, a great city to shoot in the streets. We have a very deep talent pool, animation and special effects in particular, wonderful crews on the live action side, and great infrastructure on a post-production. A producer can take a script—a major producer like MGM—from script to final distribution and delivery right here in the city. This is new. There are only about eight or nine jurisdictions in the world that you can do that.

Mr. Monte McNaughton: Excellent. Well, on behalf of the PC caucus, thanks for all you do.

The Chair (Ms. Soo Wong): Thank you very much for your presentation, sir.

Mr. Dennis Berardi: Thank you.

ONTARIO FEDERATION OF AGRICULTURE

The Chair (Ms. Soo Wong): The next presenter is the Ontario Federation of Agriculture, and I know we're going to welcome Don back to the committee. Good morning, Don.

Mr. Don McCabe: Good morning, Madam Chair.

The Chair (Ms. Soo Wong): I believe you have your own colleagues coming forward as well. As you know, we're going to have you present for five minutes, followed by three minutes of questions per caucus. This round of questions, we're beginning from the government side.

You may begin any time. Please identify each of you and your position with the Ontario Federation of Agriculture. Thank you.

Mr. Don McCabe: Thank you, Madam Chair. It is a pleasure and an honour for the federation to be asked to present before the committee. I am pleased to be accompanied today by vice-president Peggy Brekveld and senior researcher Ted Cowan, who looks after some of our energy and environment files, especially in the areas of finance.

1010

With regard to today's presentation, I'd like to enter into the record that the Ontario Federation of Agriculture represents the interests of 37,000 Ontario farmers who manage our landscape and provide a significant contribution to Ontario's economy. Our efforts and contributions require competitive input costs and so are affected by a key element of the proposed budget.

In particular, we'd like to highlight what we see as the centerpiece of the budget: the sale of 60% of Hydro One. This issue is very important to our farm members, most of whom are Hydro One customers.

Ontario owns Hydro One and can sell it. However, the customers—not the government—paid for Hydro One. Half of the company is transmission and was paid for by grid customers in proportion to their use. The other half is distribution and was paid for by Hydro One distribution customers in proportion to their use.

Rural and small-town customers paid for all of the distribution. I repeat: Rural and small-town customers paid for all of the distribution. Ontario's rural population is 13% of the total. This rural population paid for half of Hydro One. This same 13% paid for 10% of the transmission, or another 5% of the total company. In all, farmers and other rural and small-town customers paid for 55% of Hydro One Networks Inc. The other 87% of Ontarians paid for 45%. Ontario farmers specifically, who are one half of a percent of the total population, paid for about 14% of the company. This is the OFA's direct interest.

OFA believes that the proposed sale and the possibility of higher rates that it will bring to Hydro One further compromise economic opportunity on farms and in rural and small-town Ontario. We realize that the funds from the sale are to be dedicated to transit and fully recognize the serious need for transit improvements. Hundreds of thousands of people idle their cars on multi-lane highways every day. That's a massive cost and the largest source of greenhouse gases in Ontario. Goods sit in trucks, and these cars and trucks burn 200 million litres of fuel a year sitting still. Businesses don't come here because they know about the traffic, and 90 minutes a day is stolen from a million families every day. Selling part of hydro and using the funds wisely can help address this.

However, HONI's assets were mostly bought and paid for by rural Ontarians, who will not benefit in a significantly tangible way from improved urban transit. The

government of Ontario needs to recognize this and accommodate the needs of rural Ontario.

OFA offers seven recommendations that will recognize the positions of farmers and rural Ontario while serving the interests of the whole province. The full terms of the sale can be improved for the benefit of all Ontarians. These seven points are not prioritized and are as follows:

(1) Commit to develop farm and industrial power rates for Ontario. The rest of North America has customized rates for industry and farms. Ontario needs them to compete. Farms and the food industry need them to keep our home market and our food processing sector and its 600,000 jobs. Ontario can have competitive power again.

(2) Customer interest is the heart of the public interest in HONI. Appoint customers to HONI's board: two transmission customers and three distribution customers, including a farm/rural seat. This will ensure HONI serves customers affordably.

(3) Show that HONI employees will pay, in increased pension contributions, an amount at least equal to the initial listing price times the number of shares they receive.

(4) Build only mass transit projects that both demonstrably reduce loss of good farmland to cities as well as move commuters efficiently from home to work and back.

(5) Do not have HONI directors with a financial interest in connecting generators to the grid in Ontario or adjacent jurisdictions. This will help ensure that Hydro One treats all generators equally.

(6) Divide the distribution part of HONI into eight to 12 regional local distribution companies, all owned by HONI, and make them compete with each other to improve service and reduce costs.

(7) Create a business development group in Hydro One to attract and retain customers. HONI has lost volume and will continue to as companies move out or off the grid due to high prices. This drives up fixed costs in kilowatts delivered. HONI must attract business, or its remaining customers face increasingly higher fixed costs per kilowatt.

OFA and farmers are not keen on the proposed HONI share sale. The assets were mostly paid for by farmers and rural Ontarians, and we fear we will have to pay for them again once they are in primarily private hands.

Our concerns can be mitigated to a degree.

The Chair (Ms. Soo Wong): Don, can you wrap up?

Mr. Don McCabe: Thank you.

We have set out ways to overcome the inequities of the sale. We desperately look for the issue of a farm industrial tax rate, dividing the distribution into LDCs, and customers on HONI's board.

If it is done well, we can save farmland and rebuild the rural economy, at the same time that improved transit makes Ontario's cities more efficient and liveable.

Thank you very much for the opportunity to present.

The Chair (Ms. Soo Wong): Thank you. This round, Ms. Albanese, do you want to begin?

Mrs. Laura Albanese: Thank you very much for your presentation here today. It's extremely important for the committee to hear all the different views. Also, I want to thank you for all the suggestions that you made in your presentation, which we will, I'm sure, examine very carefully.

I do understand that reliance on energy is extremely important to the agricultural business, to farmers, for the movement of goods as well. It's extremely important. I know that you also have expressed, I guess, your approval of an expansion of the natural gas services in the underserviced areas of Ontario. How would that help the situation?

Mr. Don McCabe: In all areas for the farm—I'm not trying to be flippant here, but the reality is that businesses can come and go. A hockey stick can be made in North Carolina. I just finished planting soybeans this weekend on lot 2, concession 2, Brooke township of Lambton county. That isn't moving to North Carolina any time soon. You require the primary resources to have the best infrastructure in world-class shape in order for you to have the best economy in world-class shape. We require cost-competitive inputs.

When it comes to energy, that means electrons, that means natural gas. When you don't have the infrastructure or you have undue restraints placed in those areas, that's higher costs. I don't face those, even from within my own country. My fellow provinces have lower rates. Across the St. Clair to Michigan, or over to New York—lower rates. That puts an undue cost on us doing business here. I can't move away from it. I need help to fix it.

The Chair (Ms. Soo Wong): So this round of questions is to Mr. McNaughton.

Mr. Monte McNaughton: Thank you very much, Don. I'd like to put on the record, as Don already mentioned, that he is from Lambton county, close to my home. Thanks for all the work you do in representing 37,000 farmers in Ontario.

I wondered if you could, for the record, talk about some examples of agri-food businesses or farmers leaving the province because of high hydro rates. I know that down in southwestern Ontario I've heard of greenhouse operators relocating to Ohio. I wondered if the OFA has any examples.

Mr. Don McCabe: I think you've just touched on one, Monte, and that's the issue that we have heard of a greenhouse operator choosing to go and establish new facilities in Ohio. I'm going to turn the question over here to Mr. Cowan because he's more intimately associated with it. But we have members who are contacting us to say, "We're going off-grid because it's now cheaper to buy diesel fuel and run a generator."

Ted?

Mr. Ted Cowan: As of the first of the month, the new average price for rural Ontario is 20 cents a kilowatt hour; 9.5 in Ohio. It's 13 cents a litre for canola oil. With that, you can make your own power for around 10 cents a kilowatt hour, all-in cost, and have the waste heat to heat your hogs, dry your corn—whatever you're going to use

heat for. Half-price and free heat looks like a pretty good deal. Our concern for Hydro One is that people stop being customers. There's a large belief in the company that customers can't walk, that they're captive. They may be crippled, but they can get up and walk.

1020

Mr. Monte McNaughton: Yes, I think it's pretty clear that, with the sale of Hydro One, hydro rates are going to continue going up in Ontario. In fact, there was a recent article in the media over the weekend talking about industrial power rates in Ontario being far higher than our neighbouring provinces, and of course—

Mr. Ted Cowan: All these things are fixable. The farm industrial rates—we could bring down industrial rates. Right now they're between six and 12; we could get them down to four to 10, with farm industrial rates. That 20 cents for farms would come down to 18—still way too high.

But it's the farm industry that we need. Food processing is our customer. If we lose a customer, then we're in serious trouble. If we lose all the customers, business is very, very different then. We'd be shipping everything we produce to the States at much lower costs and paying the freight.

Mr. Monte McNaughton: Thank you.

The Chair (Ms. Soo Wong): Ms. Fife?

Ms. Catherine Fife: Thank you very much for your presentation and for voicing, I think, quite eloquently your concern around the sale of Hydro One.

You point out that rural and small towns have paid for the distribution lines for Hydro One. Do you think that rural and small-town Ontario fully understand the impact that the sale of Hydro One will have on the quality of their lives and on the economy?

Mr. Don McCabe: Well, first of all, allow me to thank you. I've never been accused of eloquence before.

I would say that rural Ontario is concerned, and that's why the Ontario Federation of Agriculture took the focus it did in addressing Bill 91 on this issue: because of the phone calls and the number of emails and whatever else is coming in.

I'd like Peggy Brekveld to offer her opinion on this, as she comes from Thunder Bay and has an opportunity to hear from folks in the north, also.

Ms. Peggy Brekveld: The concerns continue to grow, and the biggest concern continues to be the possibility of increased costs in electricity rates. The comparison of Ontario to Quebec or Manitoba—even if we reduce it by two cents a kilowatt hour, we're still twice the price that they are. We're getting closer to competitive, but we're not there yet.

I think the biggest fear is watching people move across the lines, in particular our processors. Those are large job losses. As the paper says, it's about 600,000 processing jobs; that's not even the on-farm ones. I watch my colleagues in my area look at buying farms and moving into Saskatchewan or Manitoba, and that's a shame.

Ms. Catherine Fife: You've been talking to this government about customized rates for your industry, for farming and industrial, for some time. Can you give us some sense of what kind of feedback you get? You make a strong economic argument for it.

Mr. Don McCabe: Well, I would offer that the discussions continue, and we're very much hoping that we're able to illustrate that bringing this particular program back in place at this time would not cost the government coffers any true loss. It could all be done within the current structure, and there would be no need for new taxes, nor a change in that light.

Ms. Catherine Fife: Thanks for being here today. You are representing rural Ontario—because this committee is only meeting here in Toronto—so I want to thank you for bringing the voices of rural and small-town Ontario to this committee.

Mr. Don McCabe: Thank you.

The Chair (Ms. Soo Wong): Thank you, Don, and all your colleagues, for being here.

FINANCIAL PLANNING STANDARDS COUNCIL

The Chair (Ms. Soo Wong): The next presenter is the Financial Planning Standards Council: Cary List, president and CEO. Welcome, sir.

Mr. Cary List: Thank you. Good timing.

The Chair (Ms. Soo Wong): Yes. As you probably heard, you have five minutes for your presentation, followed by three minutes of questions from each of the caucuses. This round of questions will begin with the official opposition party. You may begin any time. Please identify yourself and your position with the council.

Mr. Cary List: Good morning, everyone. My name is Cary List. I am president and CEO of the Financial Planning Standards Council. I'd like to thank the members of the committee for inviting me to present today on Bill 91, the Building Ontario Up Act. I also serve, on behalf of FPSC, on the federal National Steering Committee on Financial Literacy, and as chair of the Financial Planning Coalition, a group of four organizations dedicated to professionalizing financial planning.

I'd like to limit my remarks today to speak directly about strengthening Ontarians' retirement security and specifically the government's announcement in the 2015 budget of the appointment of an expert committee to thoroughly consider more tailored regulation of financial advisers, including financial planners.

FPSC was formed in 1995 and, as its name implies, we were formed to establish standards for financial planning in Canada. Over the past 20 years, the Financial Planning Standards Council, FPSC, has been developing, refining and enforcing standards for the financial planning profession.

As a non-profit organization whose moral owner and primary stakeholder is the Canadian public, we do not directly represent the interests of those whom we certify. Rather, we determine the appropriate knowledge, skills, ability, ethics and judgments required of financial

planners. We hold those whom we certify accountable to rigorous professional oversight.

We approve educational curriculum. We hold two national examinations yearly for over a thousand FPSC level 1 or CFP—certified financial planner—professional candidates, and we assess candidates against competencies expected and determine who meets the requisite standards.

Our pass/fail rates reflect the fact that it's not easy to meet the standards we have set, nor should it be. Canadians deserve a high standard when dealing with financial matters.

Once certified as an FPSC level 1 or certified financial planner certification holder by FPSC, you must attest annually to meeting standards of professional responsibility and a code of conduct which includes the critical component of any recognized profession: Your clients' interests must come before all others. We also vigorously enforce this code on behalf of Canadians.

FPSC's purpose is to instill confidence in the financial planning profession, because Canadians must be able to trust financial planners to help them achieve their financial well-being.

I'm afraid, though, that we've been climbing a steep hill towards the fulfillment of this purpose, given the lack of recognition of the societal importance of financial planning in Canada. While there are approximately 22,000 individuals in Canada who meet professional standards for financial planners, over 9,000 in Ontario, there are thousands more in Ontario and tens of thousands across the country who imply, through title or advertising, that they too are financial planners yet who have not had to meet any financial planning qualifications. Unfortunately, anyone outside of Quebec can still call themselves a financial planner, regardless of qualifications, knowledge, skills or abilities, or ethics.

In fact, the majority of the 80,000 financial advisers in Canada are individuals whose qualifications relate specifically to the products they're licensed to sell, and the advice they may provide is related only to their licence. Such individuals, however, have no requisite training or qualifications for broader, more holistic financial planning advice.

Expertise gained through securities, mutual funds or insurance licensure does not equate to competence in financial planning. Unfortunately, however, most consumers don't know the difference. Most believe that a mutual fund licence, for example, equates to financial planning expertise and that financial planning is regulated. Not surprisingly, they also believe that those holding themselves out as financial planners must be qualified for the financial planning advice they give.

Consumers don't know how to identify a qualified professional and also have a lack of understanding as to what they should expect of a financial planner. Canadians use the terms "investment adviser," "insurance adviser" and "financial planner" interchangeably, yet the qualifications for each are wildly different. In fact, the term "financial adviser" can mean any of the above.

As a result of this confusion, today's environment leaves consumers vulnerable and at risk of receiving advice from individuals who have not had to meet any qualifications based on accepted common standards of competence, ethics or practice.

Canadians need help wading through a myriad of complex financial issues to achieve their life needs and goals. Specifically, they deserve to know whom they can trust to get the help they need, and they need help from financial planners who are qualified to see the big picture.

To address these issues, FPSC has partnered with the Institut québécois de planification financière, our sister organization in Quebec, to create the first-ever unified definitions, standards and competencies for financial planners across Canada. This joint publication performs an important role, as it provides consistency of expectations across the financial planning profession, regardless of sector.

To further address these issues, FPSC and our partners in the Financial Planning Coalition offer a solution which is simple in nature but profound in impact, and we look forward to working with the expert committee to discuss the issue and propose solutions.

The Chair (Ms. Soo Wong): Are you almost done?

Mr. Cary List: Almost done.

Specifically, we suggest four things:

—the adoption of a single, unified set of standards for financial planners;

—the recognition and adoption of the Canadian financial planning definitions, standards and competencies;

—the creation of the title "financial planner" and holding out restrictions that reserve the use of that title for only those who have demonstrated competence by meeting this standardized set of standards and ongoing professional ethics and responsibilities; and

—the establishment of a legal financial planner framework to make financial planners responsible to a professional oversight body that understands financial planning.

1030

This will go a long way to solving consumer confusion and protection issues that exist today.

We look forward to working with the expert committee that has been established to tackle this long-standing problem, and in the meantime I welcome your comments or questions.

The Chair (Ms. Soo Wong): Thank you very much. Mr. McNaughton, you may begin the questions.

Mr. Monte McNaughton: On those four points, anything in Bill 91—

Mr. Cary List: In Bill 91, the government has committed to establishing an expert committee to tackle this issue. It's an expert committee on the tailored regulation of financial planners and financial advisers. We're proposing a framework in those four issues that that expert committee should look at implementing to resolve that.

Mr. Monte McNaughton: And is there a time frame for a report?

Mr. Cary List: Well, I think the expert committee is to report back to the minister in early 2016, so we have about a year for the committee to work on it.

Mr. Monte McNaughton: Okay. And when will the committee get started?

Mr. Cary List: This is just from what we've been told, but our understanding is they have 90 days—I think it was announced about four weeks ago, so they're about a month in—to establish their mandate. I think they're already working on the project.

Mr. Monte McNaughton: Okay. Thank you.

The Chair (Ms. Soo Wong): Ms. Fife?

Ms. Catherine Fife: Thank you very much for coming in and sharing your concerns. These are long-standing concerns. In the fall economic statement in 2013 the expert committee was announced. It was re-announced again in 2014, and on this committee we've just learned last week through another financial planning organization that there are no financial planners on the expert committee. Can you comment on how important it is for the committee to have that expertise on it?

Mr. Cary List: Yes. The way we understand it unfolding is that perhaps the expert committee is more appropriately named as an independent committee, and our understanding is there will be an advisory committee. We certainly would fully expect those with expertise, FPSC and CFP professionals, would be at that table, providing counsel and guidance to that expert committee.

Ms. Catherine Fife: Another concern that came up was regulation without representation. Do you want to speak to that as well?

Mr. Cary List: Our model actually proposes a regulatory model which is well established in other professions—regulated health professions—where the regulation actually is based on a self-regulating model where you have a combination in the model we propose and the model that we actually use in our governance structure. You have a combination of financial planners, CFP professionals in our case, and members of the public on the board of directors, and standards are set independently, also by a combination of both internal members of the community, of the profession, and external members.

Ms. Catherine Fife: Okay. We share your concerns that this is a matter of consumer protection, because in all of our communities across the province there are people who have thought that they were dealing with a true financial planner who was qualified and certified and ended up not having it.

We hope that this panel does come forward with some recommendations, and we hope that the expertise of financial planners is contained within the recommendations.

Mr. Cary List: Thank you very much. I should add that two out of every three individuals we've surveyed who believe they're working with a certified financial planner in fact are not.

Ms. Catherine Fife: Exactly. Thank you.

The Chair (Ms. Soo Wong): Thank you. Mr. Baker.

Mr. Yvan Baker: Thanks very much for coming in. I have to say that I have a finance background, and I spent a lot of years in university studying finance, but I'll tell you that when it comes to my financial planning I don't rely on my own expertise. I turn to somebody who has the—

Mr. Cary List: Absolutely.

Mr. Yvan Baker: So I can appreciate the importance of having that specific expertise and the important role that you play. We actually had a consultation recently in my community of Etobicoke Centre, in my riding, where we had a number of financial planners and others come together and talk about retirement savings and the challenges there. Financial planners played an invaluable role in that discussion.

I think the government understands that people are faced with complex decisions as individuals when it comes to their financial planning, and having informed expert advice is therefore critical to be able to do that. Currently, there isn't that regulatory oversight in place—I think you alluded to this—to regulate the activities or the work of individuals who have multiple certifications and designations for them to offer the appropriate financial planning services to the general public.

As you alluded to, in light of this, the government committed to investigate the merits of and possible options for proceeding with a more tailored regulation to help consumers, to help them make more-informed choices in investments, and they're moving forward with the expert committee that you referred to. Could you just speak to how regulating financial planners could benefit the financial planning sector in the province?

Mr. Cary List: I think, in fact, the beauty of this is that it's a huge consumer protection issue. It can benefit consumers while at the same time being a tremendous benefit to financial planners. In fact, our feedback from CFPs has been that they absolutely welcome the notion of a tailored regulation of financial planners because, frankly, those who have stepped up to professional certification to the CFP or the equivalent in Quebec have had to take a couple of years' worth of courses that we don't deliver but that we've approved. They've had to pass, really, three levels of certification exams and in excess of 10 hours of training and examination, yet they go out there in the field and they can be competing with somebody who is really good at sales who has no expertise at all. They're frustrated, because they're bringing all of that consumer- and client-interest-first thinking, they're bringing a holistic view and understanding of the client's needs, yet they are competing with somebody who is potentially really good at saying hi and making a good connection, yet doesn't have any of that expertise. So I think that there is a tremendous opportunity in the planning community.

We're hearing even from financial institutions that they're recognizing they have to change their models and that they need to look at professional advice as the real value added, not perhaps the advice around specific mutual funds or products. I think we're seeing, in light of

the 2008 financial crisis in particular, more expectation that it's that true professional advice that is financial planning that people need, and it's that platform that not just the big FIs but the smaller shops are actually going to need to deliver, so that they see that if you actually codify in law standards around that, it's actually going to elevate what they're having to move to anyway.

Mr. Yvan Baker: Thank you very much.

The Chair (Ms. Soo Wong): Okay. Mr. List, thank you very much for your presentation.

Mr. Cary List: Thank you.

The Chair (Ms. Soo Wong): I believe that's all the presenters we have this morning. The Clerk just asked me some administrative stuff, so I want to ask the committee before we recess until the afternoon.

First, you know, in the past—the researcher is here to support the committee. What is the will of the committee in terms of the summary of the presentations? You know the turnaround time is very short; next Monday is supposedly the last day of the presentations. What is the will of the committee in terms of the role of the researcher? Ms. Albanese? Comments? Suggestions?

Mrs. Laura Albanese: Yes—

Mr. Monte McNaughton: Sorry. What are the options?

Ms. Anne Marzalik: With a bill, normally what we would prepare is a summary of witness testimony. The time frame is tight because the last day of hearings is next Monday. Tuesday is the deadline for amendments. I think in this case we would do our best to give you as much of the testimony as we can, but perhaps some of Monday's testimony wouldn't make it into the final summary.

Mrs. Laura Albanese: If I may make a suggestion, what may be helpful—because we're here, we're hearing all the testimonies. Many are also providing a written view of that. I would be in favour—and I don't know what the will or the view of the committee would be—of just having even a point form of the requests of each, or the concern and the issue brought forward by each presenter. I would be satisfied with that.

Ms. Anne Marzalik: Sure.

The Chair (Ms. Soo Wong): Any other comments? Mr. McNaughton.

Mr. Monte McNaughton: I agree 100%. I understand if on Monday you can't do all of them in detail because of the timeline. I think that makes sense.

Ms. Anne Marzalik: What kind of time frame would you be interested in, in terms of receiving the summary?

Mr. Monte McNaughton: As quickly as possible. Just whenever you can.

Ms. Anne Marzalik: Clause-by-clause is Thursday morning, so certainly it would have to be before clause-by-clause.

Interjections.

The Chair (Ms. Soo Wong): Okay. Just before I turn to you, Ms. Fife, the Clerk just advised me that the deadline for filing amendments to the bill with the Clerk of the Committee shall be 10:30 a.m. on Tuesday. The turnaround time is very tight.

Ms. Fife.

Ms. Catherine Fife: I have some serious concerns around these timelines: They're too tight. I mean, there are people who are going to be coming until, I think, Monday at 6:45. Then research is supposed to do a summary. You can tell by the nature of what we've already heard that people are voicing their concerns, they're delivering evidence based on those concerns and then they're asking the committee to make a recommendation. So that timeline is completely unacceptable; it really is.

The Chair (Ms. Soo Wong): Well, the Clerk advised me just now, for the purpose of the committee, that we cannot change what has been mandated by the House.

Ms. Catherine Fife: But it doesn't mean I can't voice my discontent, because I'm going to do that on a regular basis.

The Chair (Ms. Soo Wong): Absolutely. But I'm just saying that for this committee to change what has been directed and ordered by the House is not possible. I just want to bring that to everybody's attention.

Mrs. Laura Albanese: Madam Chair, would it be better for the researcher, if we receive them even in installments, let's say, as they're ready? So the ones for today maybe are ready in a—we just keep on building on those so that they're not to be done all at the last minute and we don't get to look at them at the last minute, as well. Would that be—

Ms. Anne Marzalik: It would make it a bit more time-consuming for us on our end, because we have to go through an editing process. So it's usually preferable to do the editing process all at once.

Mrs. Laura Albanese: All at once, okay.

Ms. Anne Marzalik: But as we go along, we're putting this into a document. Generally, what we'll do is that when we reach the point where, depending on your deadline, we feel we need to cut it off, we'll do that right away and then send it into editing.

Mrs. Laura Albanese: So is there any preferred way from your end?

Ms. Anne Marzalik: It's helpful for us that you've asked to have the document summarized by witness in terms of their recommendations, because often what happens with a bill is that we normally try and attach it to sections of the bill. So if we do it by witness, it already simplifies it for us. I think you've done all you can in terms of making the process more efficient for us.

The Chair (Ms. Soo Wong): Any other comments? Okay. I also was informed by the Clerk that the 4 p.m. presenter will be coming at 3:15. Just so everybody knows, 3:15.

Yes, Mr. McNaughton?

Mr. Monte McNaughton: So are we expecting to be out of here then by 4, 4:15 or 3:45?

The Chair (Ms. Soo Wong): Mr. Clerk?

The Clerk of the Committee (Mr. Katch Koch): Mr. McNaughton, it really will depend. Because what happened is that on Friday, when we called people to schedule, we were not able to reach everybody. We left a number of messages. It really will depend on whether those people get back to us. Of course, we're doing a

follow-up; we're calling them again. If we're able to plug some of these holes, we will. I may have an update for the committee when we come back in the afternoon.

Mr. Monte McNaughton: Okay.

The Chair (Ms. Soo Wong): Any other questions or comments? Seeing none, I'm going to recess the committee until 1 p.m.

The committee recessed from 1044 to 1302.

The Chair (Ms. Soo Wong): I'm going to call the meeting to order for the consideration of Bill 91, An Act to implement Budget measures and to enact and amend various Acts.

NRSTOR

The Chair (Ms. Soo Wong): I'm going to call the first witness before us. Good afternoon.

Ms. Annette Verschuren: Good afternoon.

The Chair (Ms. Soo Wong): You must be Annette Verschuren, chair and CEO of NRStor. You have five minutes for your presentation, followed by three minutes of questions from each caucus. This round of questioning will begin with the third party. You may begin any time, and please identify yourself for the purposes of Hansard. Thank you.

Ms. Annette Verschuren: My name is Annette Verschuren. I am chair and CEO of NRStor, an energy storage company that has recently been established, but I'm here today to share some of my perspective on energy and the electricity sector and how the changes that are being proposed in the budget can help the wave of innovation that is really starting to get under way and is really needed in Ontario.

I think it's very exciting times in the electricity sector; there's lots of change. We have to get prices down for ratepayers. It's an extraordinarily exciting time for me because I looked at this industry to see where there was opportunity.

Previously, I was employed by Home Depot and built out the Home Depot franchise across the country, but I really wanted to do something special and something different and I really wanted to get into an industry that was changing. Certainly the electricity and energy market is changing and what has happened over even the last six months has just been quite extraordinary.

I want to talk briefly about the perspective of energy storage for a moment. I was really pleased when the IESO, which is the Independent Electricity System Operator in Ontario, came out with great courage and said, "Look, let's have a 10-megawatt energy storage project." So we bid on that, and we installed a flywheel installation with Ontario technology—Temporal Power, which is an amazing flywheel that's used for regulation services to help absorb and manage all the intermittent energy that's going on the electricity system today. Subsequently, 50 megawatts of energy storage was announced in the long-term energy plan, and that really has encouraged a lot of innovation in Ontario.

You just have to list the names: Electrovaya, Hydrostor, eCamion, Temporal Power. These are all stores that have been built out of a positive view, a view going forward of what we can do to integrate more of the renewable energy and more of the surplus energy in the marketplace.

We are a developer of energy storage technology, so we build projects. We are working on about 20 projects at the moment and we see the introduction of energy storage really making a big difference in terms of how we get electricity to market in a cheaper way. NRStor recently announced a partnership with the Tesla Powerwall, which is very exciting, to be introduced. We want to start in Ontario. We see that movement towards, again, using excess energy to improve costs and make it easier for customers. At the end of the day, I learned a long time ago, the customers speak. Serving the customers, like I think we are doing, is really critical.

I'm just looking at my time; I think I've got a couple of minutes left.

I also think energy storage is a great benefit for the future low-carbon economy. I think everyone knows that and sees that. Congratulations to the Ontario government for its announcement on cap-and-trade policy. I'm a believer that you have to price carbon. I don't have an opinion on what type of pricing, but I do believe that in order for us to recognize this as a social and economic responsibility, it needs to be priced.

But what I like about this budget is that it does move forward on some key barriers. Consolidating those three LDCs—Enersource, PowerStream and Brampton—really makes a lot of sense because I believe more innovation will be created when larger organizations come forward and can really put this into their rate base.

The privatization of Hydro One is also something that I'm very supportive of. For many years I worked in a crown corporation. I was involved in the privatization of crown corporations. I'm on the board of Air Canada. Where would Air Canada be if it wasn't privatized? It's one of the biggest global leading airlines in the world today. I put together Saskatchewan Mining and Eldorado Nuclear to make Cameco, which is the largest or second largest uranium-producing company in the world.

And so I am biased towards privatization. I think governance will improve. I think oversight will continue, obviously, with the 40% position with Hydro One. But I believe the privatization and the initiatives moving this industry forward to invest in more technology, to invest in more innovation, are key to making things happen and causing change.

The Chair (Ms. Soo Wong): Ms. Verschuren, can you wrap up, please?

Ms. Annette Verschuren: Yes, I will wrap up. Those were basically my points, but I think consolidation can create a stronger and more nimble LDC system. I think every ratepayer in Ontario will benefit from it.

The Chair (Ms. Soo Wong): Okay, that's great. Ms. Fife, do you want to begin the questioning?

Ms. Catherine Fife: Thank you very much for being here today. Also, thank you for being so honest about your self-admitted bias towards privatization. I wish the

Ontario government had the same honesty, actually, on this issue.

I'm glad that you raised the issue of cap-and-trade as well because we are still waiting to see the plan on carbon pricing. It's been promised now for almost six years. We've still not seen the plan. I hope that you'll weigh in when that plan comes forward.

And then the issue of the sale of Hydro One: I'm interested to know why you think that it will inspire innovation because, quite honestly, Hydro One, for instance, has been such an advocate around conservation. Bill 91, which is, of course, what we're supposed to be debating today or hearing about—there's nothing in this budget bill about conservation, and that's where the smart money is. That's where the smart investment is.

Can you touch on conservation and then also the importance of research and innovation, Annette?

Ms. Annette Verschuren: At Home Depot I really believed in working with the utilities across the country on conservation, and Hydro One has done a terrific job. There's no question that Hydro One has done terrific innovation as well. They've invested in a Temporal Power facility for voltage management.

But I believe that different people around the table, different investors, diversity of opinion and perspective really bring a greater future and more secure future in terms of sustainability. I think having one shareholder provide directives is difficult. I really believe in freer enterprise and privatization.

1310

I think it will bring greater opportunity to Hydro One for potential expansion, for improvement and for innovation. I think the more capital that it can invest that will be freed up as a result of moving in this direction—

Ms. Catherine Fife: Are you aware of how much money Hydro One actually brings in—

Ms. Annette Verschuren: It's $800 million a year.

Ms. Catherine Fife: Yes, $800-plus million. Actually, the only taxable revenue which was increased in this last budget was Hydro One and OPG, and then, of course, the municipal land transfer tax. This is the sell-off of one important public asset for a very quick grab of cash which, quite honestly, is not even guaranteed to be invested into the infrastructure and the transit that it was originally promised for. Do you have any concerns about the accountability lines around the funding?

Ms. Annette Verschuren: Absolutely. As someone who has taken responsibility as a CEO and board member, I take full responsibility for accountability, but I believe there are mechanisms in place to do that. I believe that Hydro One has a lot of opportunity to continue to grow and to develop. I really believe that the growth and the improvement, in terms of performance, are dependent upon more diverse and different investors, different perspectives coming to the table and making a big difference.

The Chair (Ms. Soo Wong): Ms. Verschuren, I have to go to the government side. Mr. Milczyn.

Mr. Peter Z. Milczyn: Thank you, Ms. Verschuren, for coming this afternoon. It's really very interesting for us to hear your depth of experience and knowledge in the private sector and now in energy specifically. That's very helpful to us.

You've spoken about your own experience of looking at crown corporations being transformed into publicly traded companies. I was wondering if you could tell us a few things. First, what is your experience in terms of those newly publicly traded companies being able to continue to achieve the broader goals that those companies would have in providing whatever service they have? Obviously, electricity distribution in Ontario is something that can be handled through a private corporation—a publicly traded corporation—but there would still be some public goals to be achieved. How would that model serve us better in achieving some of those goals and having efficiency innovation?

Speaking also to Bill 91, could you maybe touch on the redistribution of capital? Freeing up capital from Hydro One, putting it into transit, which is something that only the government can build, and allowing the private sector to get involved in something that it can build—if you could tell us a little bit about your views on that.

Ms. Annette Verschuren: I think the redistribution of capital and getting capital to work in favour of Ontarians is really critical for this committee to consider. Many times in my career, we've had to reallocate capital to places that needed it more. I personally think that taking some of the equity out of Ontario and using it for the greater good of Ontarians, in the form of transit, really does make a lot of sense. I'm very comfortable with that approach.

My experience in terms of the private sector—and just so that everybody knows, I worked in a crown corporation for the first 11 years of my career, the Cape Breton Development Corp., which is a coal mining company. It wasn't privatized, but if it had been privatized, I wonder whether it would have lasted longer than it did. It did close down.

But I think that managing the social and economic issues in companies is critically important. I have seen situations where the maintenance of policy, the perspective of regulation—and of course, we have the OEB, which is an extraordinary organization that manages the rates and investments that a lot of institutions in the electricity market make. But—

The Chair (Ms. Soo Wong): Ms. Verschuren, I have to shut this down. I have to go to Mr. McNaughton. Sorry.

Ms. Annette Verschuren: That's fine.

Mr. Monte McNaughton: Great. Thank you very much for your presentation today. As an aside, I have to say I have followed your career, especially at Home Depot, because prior to politics I was involved with Home Hardware Stores Ltd. Congratulations on all your success there, and of course with your new venture, because we all know energy storage is key, moving forward with the sector.

Just a couple of points I wanted to ask you about: You mentioned in your opening that we need to get prices

down in Ontario when it comes to electricity costs. Do you actually see the potential for that? We heard earlier this morning from an energy consultant that there is $35 billion worth of debt in Ontario's electricity sector. How do we move to start getting prices down, in your opinion?

Ms. Annette Verschuren: Well, I think energy storage is one way of postponing major investments of new generation. I think that there are ways. We probably produce, in our province, 20% to 30% more energy than we use. We curtail it. We don't manage it efficiently. So I would say there is a lot of opportunity to make our system much more efficient. Energy storage is one approach.

I think there is more alternative—the price of solar is going down so much; the price of wind is going down. I think there are probably still some more hydro projects, but I think what we need to do is manage the resources that we have better. I think a bit more private sector involvement can really help make that happen.

Mr. Monte McNaughton: I just wanted to get your opinion, since you've had some experience from the crown corporation side. In Ed Clark's final report—and you had mentioned Hydro One Brampton—it said, "[T]he council believes that the province should not conduct an open auction or procurement process for Hydro One Brampton...." Do you think that's acceptable, for a government to not have an open auction process for the selling of an asset?

Ms. Annette Verschuren: I don't have the answer to that question. I think the government has to look at all alternatives in terms of the disposition of its assets or the creation of assets or whatever work that it has to do. But I think it needs balance. So I'll leave it at that.

Mr. Monte McNaughton: Thank you.

The Chair (Ms. Soo Wong): Thank you very much for your presentation.

INDIE ALE HOUSE BREWING CO.

The Chair (Ms. Soo Wong): The next presenter is Indie Ale House, Jason Fisher. Good afternoon.

Mr. Jason Fisher: Good afternoon.

The Chair (Ms. Soo Wong): As you heard earlier, you have five minutes for your presentation, followed by three minutes of questioning. This round of questions will begin with the government side. You may begin at any time, and please identify yourself for the purpose of Hansard.

Mr. Jason Fisher: Thank you. My name is Jason Fisher. I am the owner of the Indie Ale House Brewing Co. and brew pub in Toronto. I should say, I'm obviously here to speak about the proposed changes to the selling of alcohol and beer, not Hydro One.

We're almost three years old. We opened in October 2012. We serve approximately 500 people a day in our in-house retail store and pub. More than 80% of the people are from our immediate community, within a five-minute walk. We produced approximately 2,000 hectolitres of beer this year in our third year. That still puts us in the bottom 1% of brewers in Ontario, and not in the bottom 0.1% in North America.

We employ 46 people, all above the minimum wage, and 25 of them this year will be full-time on benefits. The majority of staff live within a five-minute walk to work. We're a big part of our community. If anybody has been to the Junction in Toronto, it wasn't the nicest neighbourhood not that long ago. I would say 14 division takes more credit for that than we do, but substantially the neighbourhood has turned around since restaurants have moved in. There are 18 that have moved in since we opened two and a half years ago, of all shapes and sizes. It's now a community you can walk around in—some of the pros and cons of gentrification, along with the brew pub—but a large part of opening a small brewery in a neighbourhood is that the neighbourhood starts to change its shape.

1320

We are looking to expand, and prior to the amendments proposed, that would have been nearly impossible for us. A large part of our economic model is the on-site retail store. Without the proposed change to the 25,000 hectolitre limit, we would not have been able to open a retail store, which means, functionally, we would have to open in some non-urban part of the province, in an industrial complex, and then ship our beer and sell it, and not serve a community. That's not really our model. This change will allow us and a lot of other small brewers—basically any of the small brewers in Ontario, which are almost 100 now—to basically double in size if we so choose.

I'll say that there's support for the bill. It's not a perfect bill, if you were to ask the small brewers. There are really pretty minor impacts for the most part; however, it is the first time, I think in my lifetime, that there's been a meaningful change made. We have a rich history in Ontario of promising to make changes and not actually making any changes. So I think the brewers are extremely positive even though the proposals are small. We believe it's a start.

It's a good sign because, also, for the first time the small brewers were consulted in the process in various ways. No one's ever talked to us before, so we're pretty happy about that. Five years ago there might not have been as many of us, but certainly, at least people are listening now. We feel good overall about the climate for the change.

The two most significant parts of the bill for small brewers in Ontario and for the people of Ontario are the grocery store part of it—the sale in a third channel—and the change to the 25,000 hectolitre limit. That's the only one that impacts me. We're far too small to sell to grocery stores. I would say of the 100 or so breweries in Ontario, 80 to 90 of them are far too small to sell to a grocery store in any meaningful way. We could do it for ego or just to say we did it, but I would have 10 cases to sell them. We sell out of beer faster than we can make it and so does everyone. It's good times.

For the 25,000 hectolitre rule, obviously, it allows us to expand. It allows us to look for a place that isn't under

another name, or essentially a B version of our flagship place, and that's not how you would operate a business.

The Chair (Ms. Soo Wong): Mr. Fisher, can you wrap up?

Mr. Jason Fisher: Yes. Ontario has long been underserved by craft beer. We have the lowest number of craft beer per capita of any place in North America, and the main reason is access to market. If you can't get to market to sell your crazy one-off beer, you might as well not brew it.

The Chair (Ms. Soo Wong): All right. We'll be beginning with Ms. Hoggarth.

Ms. Ann Hoggarth: Thank you for your presentation.

Mr. Jason Fisher: Thank you.

Ms. Ann Hoggarth: I was asked to ask the exact location of where your restaurant is.

Mr. Jason Fisher: Sure. We are at 2876 Dundas Street West: Keele and Dundas.

Ms. Ann Hoggarth: Thank you. I also want to let you know that the craft breweries have been consulted, and we believe that what we've done is the biggest shakeup to the way beer is sold in Ontario in nearly 90 years. We listened to consumers and we believe that we're delivering more convenience and expanded choice to them. Also, entrepreneurs and new businesses such as your own will be able to grow and prosper. It will be a win-win situation for everyone.

I, myself, am from the riding of Barrie, so we have the Flying Monkeys and they're quite excited about what's going on. I hope that your business will grow and thrive because of this as well.

The legislation marks, as I said, a major shakeup in how the Beer Store would operate in the province. Can you speak to what this change of magnitude would mean to your business and future business opportunities?

Mr. Jason Fisher: Certainly. The changes to the Beer Store specifically won't mean much to us. They largely remain the way they are. They have a little more oversight—that's probably a good thing—but they are still wholly owned by three foreign nationals, or at least all the decisions are made by three foreign nationals. So there's no real meaningful change to the Beer Store.

But for the 80-plus small brewers in Ontario, we can now expand without winning the lottery. We can open a second place, funded through our own growth, and basically you can double production in Ontario. Anybody considering opening a brewery in Ontario now has a realistic means of growth. So those are good manufacturing jobs, it's good beer—and you can look to Michigan, which went from nothing to close to 20% of GDP statewide on breweries in less than 10 years. That's astronomical.

Ms. Ann Hoggarth: The jobs that are created, from what I understand from the owners of the Flying Monkeys, are good jobs. Most of them are very high-paying jobs.

Mr. Jason Fisher: Yes. I think the average salary is in the $40,000 range; it is at our place, and we're small. We are tiny. That's just the jobs that I pay for. Then there's all the trucking and all the marketing people and event people, and there's a lot of ancillary positions around a brewery.

The Chair (Ms. Soo Wong): Mr. Fisher, I need to stop you there.

Mr. McNaughton.

Mr. Monte McNaughton: Well, my first question is going to be, where are the samples today—

Mr. Jason Fisher: Yes. I was cautioned against that.

The Chair (Ms. Soo Wong): We've got the address.

Mr. Monte McNaughton: Yes, we have the address now.

I have a couple of questions. The first one is not related to Bill 91. Do you have an opinion on the changes made, I think a year or two ago, by the government regarding selling beer at farmers' markets?

Mr. Jason Fisher: Yes. You can sell a bottle of wine to someone at a farmers' market, but not a bottle of beer, which is just completely illogical. What would happen if I sold you a bottle of beer at a farmers' market? What kind of unrest would happen?

In the province, the treatment of distillers, wineries and brewers is very different, and in different ways, if you mapped it all out, it would seem highly illogical, and there's probably a coming time to address that.

We sell at farmers' markets through a catering endorsement when the situation allows it, so we're standing next to wineries selling wine, and we see that to go fine. It would be an interesting exercise.

My concern would be, is Budweiser going to pull up a truck and turn the park into a giant Budweiser store? I can't compete with that, and I don't think the community wants that. However, could there be a change in the law that lets small local brewers in that neighbourhood sell six-packs to people?

This weekend, there was a two-hour lineup to get into Bellwoods Brewery to buy beer, and we ran out of beer because we're too small to make enough.

So it wouldn't be a bad thing. I don't think society would unravel, and it seems like it would be fair.

Mr. Monte McNaughton: Great. Thank you.

To continue that, what do you think the next step should be in Ontario to liberalize our beer and wine sales?

Mr. Jason Fisher: I think I'm the last guy you want answering that question.

I think Molson and Labatt are allowed to own 450 retail stores, the government is allowed to own quite a few, and I'm allowed to own two. I make the beer, so I'd like to have more than two.

I'd also like someone waking up tomorrow in Ontario to say, "I've got an idea. I'm going to be an entrepreneur. I'm going to open a craft beer store and maybe sell wine and cheese, and curate a great list. And I'm going to live or die based on the success of my efforts and create jobs from entrepreneurs who want to do that." Right now, if you want to do that in Ontario, you'd have to move to Quebec.

Mr. Monte McNaughton: So you would advocate for a free system—

Mr. Jason Fisher: A freer system.

I am also largely in favour of regulation and taxation. I think all the good things that come with that are good for society.

I don't think it should be in corner stores; I don't think it should be in every place. I'm fine with the regulated system. I'd like it to be a fair system.

Mr. Monte McNaughton: Great. Thank you.

The Chair (Ms. Soo Wong): Ms. Fife.

Ms. Catherine Fife: Thank you very much, Jason, for being here.

That's actually a really good statement, I think, around the so-called greatest modernization of alcohol in the province of Ontario.

You said that you have 10 cases to bring to a grocery store. I think that's a very telling statement. It's a good thing that you were consulted, because with the largest sell-off of a major public asset like Hydro One, there was no consultation on that, so I just want to bring that to the fore.

I like the fact that you mentioned that Bill 91 is not a perfect bill, because we obviously agree with your assumption on that.

1330

The issue of distribution: The member from Barrie mentioned Flying Monkeys, which is a good beer, I want to say. There's a lot of talk about the liberation of beer sales in the province of Ontario. As someone who is on the ground as a creator and as a craftsman, do you see a beer like Flying Monkeys or your own beer in a Walmart in a neighbourhood close to you coming anytime soon?

Mr. Jason Fisher: It's a tough question. I can only answer for myself. I think a lot of Ontario brewers have been philosophically opposed to the Beer Store being the only chain. We've had that mindset for 80, 90 years. This is the biggest change to alcohol sales in Ontario in my lifetime, so I think we're positive.

There are a couple of parts to that. Any time a middleman gets between the manufacturer and the consumer, the consumer is going to pay for it and the manufacturer is going to make less, so I'm not in favour of that. I'd like to be able to open stores and sell directly to consumers. No one is going to care about my beer more than me, certainly not Walmart. But if I'm going to grow, I need a vehicle to sell my beer. The biggest restraint to the development of a good craft beer culture in Ontario and lots and lots of jobs and taxation dollars is access to market. If you're a small brewer and you make a crazy beer with wild blueberries and something else, the LCBO and the Beer Store don't want that. You need a place where you can sell a small batch. In Quebec, I can go to a corner store and say, "Do you want to try this crazy beer?" and they can say yes or no. But if they say yes, you can establish—

Ms. Catherine Fife: You also mentioned the hectolitre limit. There has been no sense to that hectolitre limit.

Mr. Jason Fisher: Cynically, that hectolitre limit was put in by two larger breweries to keep smaller breweries from having a second location.

Ms. Catherine Fife: Absolutely. Yes. Thank you.

The Chair (Ms. Soo Wong): Mr. Fisher, thank you for your presentation.

ONTARIO PUBLIC SERVICE EMPLOYEES UNION

The Chair (Ms. Soo Wong): The next presenter is the Ontario Public Service Employees Union: Smokey Thomas. Welcome. Good afternoon. If there is a handout, the Clerk will take it and distribute it.

Mr. Thomas, as you know, you have five minutes for your presentation, followed by three minutes of questioning. This round of questions will begin with the official opposition party. You may begin anytime. Please also include your colleague in your introduction, for the purposes of Hansard.

Mr. Smokey Thomas: Good afternoon. I'm Smokey Thomas, president of the Ontario Public Service Employees Union. With me today is our political economist Randy Robinson. We're happy to be here.

I'll get right to the point. The guiding principle of the 2015 Ontario budget is cannibalism. The budget says that we can only afford public infrastructure if we cut services and sell assets. Want a new hospital? Lay off some nurses. Want to build transit lines? Sell transmission lines. This is not progress. This is eating your own flesh to fill your stomach.

Cannibalism is the strategy of the desperate, and the government has been working hard to convince us that times are really desperate. Government is broke, they say. We have a deficit that's over $10 billion, but we need to understand why. It's not because of spending. We have the lowest program spending per capita of any province in Canada, and we are starving public services in this province. Our problems today stem from tax changes that Mike Harris began and Dalton McGuinty continued. Provincial revenues are $19 billion less today than they would be if government now had the same commitment to public services it had 20 years ago. Looked at another way, we could recoup all that lost money merely by collecting own-source revenues in Ontario at the same rate as Manitoba.

At the core of our problems is the coddling of big business. Under Dalton McGuinty, corporations got special treatment in two main ways. First, they got massive tax breaks through the elimination of the capital tax, the introduction of the HST and cuts to corporate income tax rates. Second, they've been invited to guzzle public dollars through privatization of public services and the use of public-private partnerships, P3s, to build our hospitals, schools and courthouses. Our Auditor General has pointed out that we pay more than 28% too much when we use P3s to build infrastructure.

These two policies represent the central theme of the Liberal era: the transfer of public wealth to private interests. This is obscene.

Ontario's GDP per capita is at a record level. Corporate profit rates are at a 27-year high. There is more money in this province than ever before. We built our

400-series highways, medicare and our community colleges when we were poorer than we are today. We can afford to keep building.

What's holding us back is a Liberal government that takes its orders from Bay Street, not Main Street. Losing control of Ontario Hydro won't build our economy; it will strip us of our power. Privatization won't save us money; it will cost more. We need to feed our public services, not feed them to Bay Street.

We would like to see some changes to the budget and to Bill 91. We need to put more money into public services. We need to put the brakes on privatization and the sale of assets like Hydro One. We need to raise money.

I propose a simple plan to raise $50 billion over the next 10 years. Here's how to do it. Restore corporate income tax rates to 2009 levels. This would raise $23 billion over 10 years. And don't use P3s to build infrastructure. Based on the Auditor General's numbers, using traditional public procurement to build $130 billion worth of infrastructure would save just under $29 billion. These ideas would net us $52 billion in 10 years. We would use $2 billion of that to strengthen Infrastructure Ontario's capacity to oversee projects. Based on statements by the Premier, that capacity is much weaker since the Liberals came to power. We need to restore it.

We'd be pleased to take your questions.

The Chair (Ms. Soo Wong): Thank you. Mr. McNaughton.

Mr. Monte McNaughton: As always, thanks for telling us exactly what's on your mind and being straight with the committee here.

I wanted to ask you about your trust in the Kathleen Wynne government. Of course, I'm an opposition member, but we're seeing things that she didn't campaign on and they're now implementing. I wondered if you could just speak to your opinion on trusting the government.

Mr. Smokey Thomas: Well, I don't trust them at all, and I don't know too many people who do, unless you're down on Bay Street and your name is Ed Clark or Bert Clark or any one of those people—Dwight Duncan. They're all doing pretty good under Kathleen Wynne. But the average person on the street is going to be hurt tremendously by this budget. Industry is going to be hurt by skyrocketing hydro rates.

There's just nothing in there for people of no means. All we need to do is look at SAMS and how people on ODSP and Ontario Works have been shafted by this government. My folks in the government who do that work—if they hadn't laid off a bunch of people who do infrastructure, they could have done it for $25 million to $35 million. Instead, the government contracted it out for $250 million, a colossal waste of tax dollars.

I and my organization just had our convention last week. We passed a unanimous resolution to take any and all measures necessary to fight the privatization of public services and the sell-off of public assets, and we will.

Mr. Monte McNaughton: How do you think a government, in particular this government, becomes the party of Bay Street, not Main Street?

Mr. Smokey Thomas: I guess you drink that corporate Kool-Aid and sell your soul to your rich friends, not to the working people. I can't think of any other reason.

Mr. Monte McNaughton: Lastly—and I think you touched on it—in your opinion, what is going to be the result of the sale of 60% of Hydro One for consumers in Ontario?

Mr. Smokey Thomas: Well, I think increased electricity rates. In that bill, the Auditor General, the Ombudsman, the sunshine list—there would be no oversight. So a total lack of transparency, a total lack of oversight and, again, just a massive sell-off. All those Bay Street folks who sell the shares, even at a cut rate, are still going to make hundreds of millions of dollars selling those shares.

The Premier talked about broadening the ownership of Hydro One and the hydro system. You can't get any broader than everybody in Ontario owning a stake in it. That's going to narrow the interests. It's just not good for Ontario to privatize anything that belongs to the people of Ontario without public hearings. They should hang their heads in shame.

Mr. Monte McNaughton: Thank you.

The Chair (Ms. Soo Wong): Ms. Fife?

Ms. Catherine Fife: Welcome. Thank you for your presentation and for being so direct.

You agree that there's no mandate whatsoever for this government to sell off Hydro One?

Mr. Smokey Thomas: No. They have no mandate whatsoever to sell off anything.

Ms. Catherine Fife: And would you agree with me that it's unprecedented that eight independent officers of the Legislature have voiced collectively their concern about the lack of oversight around where the money is going in this province?

Mr. Smokey Thomas: I've been doing this a long time, fighting politicians of all stripes. I've never seen anything like this. Even in Mike Harris's day, he didn't try to pull off the biggest boondoggle in history and totally strip the powers of the oversight people. What is democracy without oversight? It is unprecedented, and I think Kathleen Wynne should resign.

Ms. Catherine Fife: Even if you look at the Auditor General, to your point around P3s, the Auditor General came forward. She said there's no empirical evidence whatsoever that the P3s and the AFP model is actually serving the people of this province well. In fact, she cited an $8.1-billion excess over a traditional procurement process. The government has outright dismissed her findings, as did the energy minister, saying that it was too complex for her to understand around smart meters.

Can you comment on the level of arrogance of this government, Mr. Thomas?

1340

Mr. Smokey Thomas: Well, I've never seen arrogance like the Liberals' when they're in power too long. This is the most arrogant, power-mad Premier I've ever seen. At least Mike Harris, when he was going to stab you in the back—he didn't stab you in the back. He just said, "I don't like you"; "I don't like this"; "We're going to do it." And you had a chance to fight it.

They got a majority government by fearmongering and now they're going to use that majority to do some things that are not good for Ontario, in my opinion.

Ms. Catherine Fife: One final point on the privatization of public services, because the list of services that have been, quite honestly, corrupted by privatization in the public service—SAMS is the most egregious right now. It's the issue of the moment because people are not being served well.

Can you comment on the contracting-out, the sourcing-out of public services for this record?

Mr. Smokey Thomas: Yes, I can. I asked Dwight Duncan, Dalton McGuinty, Kathleen Wynne, Deb Matthews—I asked them to prove to me that privatization saves money and makes public services better. The last chat was in October. It was the last time I had a meeting with Deb Matthews. She promised me within two to three weeks we'd have that evidence. She said, "Smokey, I'm telling you right now: It's true." I said, "Well, prove it to me."

She still hasn't sent the evidence, and the reason, I believe, she hasn't sent the evidence is that all the evidence is to the contrary.

Ms. Catherine Fife: That evidence doesn't exist.

Mr. Smokey Thomas: Exactly.

Ms. Catherine Fife: Thank you very much, Mr. Thomas.

The Chair (Ms. Soo Wong): Thank you. I believe it's Mr. Baker.

Mr. Yvan Baker: Thank you very much, Mr. Thomas, for coming in and for sharing your perspective with us.

There's a recent report talking about the impact of congestion in the GTHA. You know, depending on the estimates you look at, people put out somewhere between $6 billion and $11 billion a year in terms of the impact. I think about my community of Etobicoke Centre and how often I hear from my own constituents about how this is impacting their lives and how they want to spend less time commuting and more time at home with their families. They want to get to work faster, they want to seek out economic opportunity, and obviously, that congestion is curtailing that.

I hear from folks, from people in my community, "We need you to continue to be making investments to grow for the future." They ask for those investments because they believe that they create good, strong jobs. They also create opportunity and pave the way for our future prosperity.

So I'm wondering—and I'm sure you've been in situations yourself where you've probably felt that way, where you feel that we could certainly do more to ensure we address that infrastructure challenge. Can you tell us a little bit about—are continued investments in infrastructure important?

Mr. Smokey Thomas: Well, let me answer that with a question: Would you sell your car so you could build a garage to put it in? Because that's what you're doing. Why don't you try the old-fashioned way, before the Liberals gutted out everything the bureaucracy used to do? It used to borrow the money, design the projects and manage the projects at cost. The Auditor General already told you: $8.1 billion more than necessary was spent. It won't be any different on transit. It's just a great, big cash grab for a bunch of rich construction companies with close ties to the Liberals.

You answer me this question: What is the logic of selling off a crown jewel, another goose that lays golden eggs, called Hydro, to raise a fraction of the money you need to build transit?

In my opinion, I think that's just a smokescreen to privatize Hydro. The $5 billion you're going to get—what is it, $140 billion short? Where the hell is the rest of the money going to come from?

So, no, I don't think it's a good plan at all. I think you go back, you rebuild the public service, and you do it in a way that saves money. I started working in government in 1970. I became a union activist in the mid-1970s when we became a union. I've seen how it should work. I've seen how it has gone downhill ever since. It started in the 1980s with a book called Reinventing Government. Now it's all about profits for Liberal-friendly corporations.

Build transit? Yes, but do it the old-fashioned way: Borrow the money yourselves at a fraction of the rate and save the taxpayers of Ontario all that money and build what you need to build. Sell bonds; do whatever.

Do what we say in here: Bring back taxes to where it's still a hell of a good deal for business to do business in Ontario and you'd have all the money you need and some left over. You wouldn't have to starve people out. You wouldn't have to attack the people who work for the government, the people who are employed in the public sector, because that war is looming. By September, you're going to be in a full-blown war with everybody, and those are the policies of your government, sir.

Mr. Yvan Baker: Okay.

The Chair (Ms. Soo Wong): All right. I don't think we have time—sorry. Thank you very much, Mr. Thomas.

Is the next presenter, the Premier's Advisory Council on Government Assets, Mr. Clark, here?

So, everybody, we're going to recess until 2 o'clock.

The committee recessed from 1346 to 1400.

PREMIER'S ADVISORY COUNCIL ON GOVERNMENT ASSETS

The Chair (Ms. Soo Wong): I'm going to resume the committee to consider Bill 91, An Act to implement Budget measures and to enact and amend various Acts. Mr. Clark, you have five minutes for your presentation, followed by three minutes of questioning from each caucus, and this round we'll be beginning with the third party.

When you begin, can you identify yourself, as well as your position with the Premier's advisory council, please? Thank you.

Mr. Ed Clark: Thank you, Madam Chair and committee members, for giving me this opportunity to speak

about the recommendations of the Premier's Advisory Council on Government Assets. I am the chair of the council, and my fellow advisory council members include Janet Ecker, Ellis Jacob and Frances Lankin.

David Denison, who was an original member of the council and signed our last report, has now resigned to become chair of Hydro One. I want to thank David for all his hard work and for taking on this new role. David is a superb choice, a proven and experienced business person who understands the role you must play when you take on a public trust.

Ontario is facing a significant challenge. In order for our economy to grow, much of the infrastructure needs to be replaced or upgraded, and the province does not have unlimited debt capacity to fund those upgrades. The challenge we took on, at the request of the Premier, was to look at three key assets the government owned to maximize their value in a way that would help pay for the much-needed public transit and transportation infrastructure that will allow Ontario's economy to grow. In doing so, we had to protect the long-term taxpayer interest; at the same time, we wanted to do it in a manner that would reduce pressures on electricity rates and help promote a modern electricity system.

We were a non-partisan council focused on the doable. We unanimously agreed on the conclusions. We could find the needed resources in a prudent and responsible manner, a manner that benefits the ratepayers, respects the taxpayers, strengthens customer service and creates an exciting partnership with unionized workers focused on building a growing and better-performing company.

We studied other attempts at realizing value inherent in public assets and were determined to avoid mistakes that had been made. Two seemed critical: fire sales that leave a lot of money on the tableand creation of companies where the consumer has little or no protection, so prices end up higher.

For the council, because recommendations were being driven to maximize long-term value, it was important that this not be a fire sale. As you are aware, we have proposed to structure the deal so that this will not be the case, nor will putting Hydro One directly into the hands of Ontario investors result in increased rates. That is simply not how our system works. Hydro One rates are regulated and will continue to be regulated. Hydro One does not set its rates now, nor will it do so as a private company. That is the mandate of the Ontario Energy Board, and the board is indifferent as to whether an owner is private or public. The government has also announced that it will take steps to further strengthen the OEB to better protect ratepayers.

We believe having Hydro One broadly held will have a favourable impact on electricity rates over time. Injecting new capital and, for that matter, private sector discipline should improve Hydro One's business performance. Strongly performing companies typically reduce costs and improve service. When this happens, the cost savings can be passed on to the ratepayers through lower rates than would have otherwise occurred.

The market for assets such as Hydro One is stronger than it has ever been, but we have been prudent in our assumptions of value and we are taking steps to ensure the transaction costs associated with this process will be significantly lower than the usual fees charged by Bay Street. At the end of the day, the real test will be whether the resources freed up by this dilution of the province's interest will be invested in returns higher than those required to sell the assets.

If you look at the price we achieved in the sale of Brampton or that we expect to achieve in the IPO for Hydro One, prices are at or close to the province's borrowing rate, so it appears we are at an optimal time to shift resources from ongoing ownership in Hydro One to new investment in infrastructure.

The government has made a commitment to retain 40% of the shares of the initial offering. It has also made sure that Hydro One will be a widely held company with no other entity owning more than a 10% share. Further, by limiting the IPO to approximately 15% of the company, the government is not only making sure that the price will be optimized, it is also allowing itself to enjoy the upside in the company. As improvements are made in the company, the province, as a larger shareholder, will be the largest beneficiary.

Proceeding in this way will avoid the errors of selling assets for ideology or one-time revenue gains. This is just smart business. Equally important, we have created a new growth company anchored in Ontario, creating jobs for Ontario, with the public sector, as investor, continuing to get the benefits of that growth. This is, therefore, good for Ontario, and good for the taxpayers.

The company will, of course, also be subject to oversight through security laws, like any other publicly traded company. The senior executive compensation package will be disclosed to the public. The finances of the organization will be audited. The company will be held accountable for how it treats its customers. Publicly traded companies are very focused on their customers and their brands. In our report, we have called on the new board to ensure that the company's business strategy recognizes that the core focus of the company must always start with the customer.

The new Hydro One would also create an ombudsman whose role would be to directly address the concerns of the customers. This is good governance and it is how modern service companies today operate.

In short, as a council we are pleased where we ended up. We believe that the province can rely on substantial value and attractive prices, repurpose those proceeds for higher returns for the province and do so in a way that protects the consumer and creates a growth engine anchored in the province.

I now welcome any questions you may have.

The Chair (Ms. Soo Wong): That's great. Thank you very much. Ms. Fife, you can begin your questions.

Ms. Catherine Fife: Thank you, Mr. Clark, for being here today. Obviously, following your report many criticisms came forward, as I'm sure you expected them to. I

want to get your thoughts, though, on the report co-authored by Dr. Douglas Peters, former TD Bank chief economist, specifically where he states that selling a 60% stake in Hydro One will cause a net annual loss of $338.8 million. You, in your report—the committee—say that the Hydro One valuation is actually estimated at $15 billion. He and his team have estimated the valuation of Hydro One at $10.6 billion.

So there are two questions there. The net annual loss obviously has a lot to do with the residual stranded debt, so this is your opportunity to comment on those numbers, please.

Mr. Ed Clark: Yes. Why don't I just take them in reverse order? I think we'll find out, when we do the IPO, who turns out to be right. I think we obviously have a fair amount of expertise in this area, and we used it and came up to a view. I think we would stand by our view. I'll say: We'll see, Doug, in October.

Ms. Catherine Fife: So you'll see the numbers when you see the numbers, will you?

Mr. Ed Clark: Yes.

Ms. Catherine Fife: But it's a big risk, don't you think, Mr. Clark? There's a lot at stake here for the people of this province.

Mr. Ed Clark: Absolutely, and so I think the way we structured the deal by only selling 15%, even if you took the delta between our two—

Ms. Catherine Fife: Little pieces. Bits and pieces.

Mr. Ed Clark: Right. I think the mistake that people have made is trying to sell all of it at one time, overloading the market and therefore not getting the best price. So we intentionally said, "Look, why don't we just go sell a very small amount and find out what the market is, because reasonable people can differ." We're highly confident in this. We have not had any feedback from the marketplace that our numbers are wrong.

Ms. Catherine Fife: To date, you have not.

Mr. Ed Clark: Yes.

Ms. Catherine Fife: I think, if we go back to your original task, though, the number one principle guiding the council's work was that the public interest remain paramount and protected. Is that correct?

Mr. Ed Clark: Yes.

Ms. Catherine Fife: I'd like to quote from Hydro One's most recent annual report: "Conflicts of interest may arise between us and the province as a result of the obligation of the province to act in the best interests of the residents of Ontario...." What does it mean when Hydro One says that its business interests conflict with the public interest?

Mr. Ed Clark: That's an interesting question because I think they are a regulated utility. I think the reality is that the province has lots of instruments where it can, in fact, impose its view in terms of what is right for public policy.

If you look at Ontario and then you look across Canada, there are a large number of utilities that are not owned by the governments, yet I don't think—if you take the gas business, does that mean that the gas business, in fact, can't be run in the interest of—

Ms. Catherine Fife: Well, I guess I would come back at you and say that the most positive examples are of Manitoba and Quebec. Those have the lowest hydro rates, and that's where the public owns most of the interests. Therefore, the interests of the people of the province are not competing with the interests of shareholders. Do you not see that this is an issue, going forward?

Mr. Ed Clark: Well, I would think it's a bit of a stretch to say that because Hydro One is owned, that's why they had the water. But the reality is they have cheap rates because they had a lot of water power that's very low rates.

I think the key issue here is, there are lots of utilities that are privately owned. The state, the province, has the ability to manage public policy with respect to those, as well as the publicly owned. The way they do it is through instruments like the IESO and the OEB. So it's indifferent to whether a company is privately or publicly owned.

The Chair (Ms. Soo Wong): Ms. Fife, I think your time is up.

Ms. Catherine Fife: Three minutes is not enough, I have to tell you.

The Chair (Ms. Soo Wong): Ms. Albanese.

Mrs. Laura Albanese: Thank you for your presentation. I will be brief in posing my questions to give you more time to answer.

The first question that I have is, could you please explain to our committee why the asset council engaged with third-party experts to assist you in your work?

1410

Mr. Ed Clark: Well, because we wanted to know what we were doing. We were a small group, but these are very complicated deals, and then we were taking—it wasn't just Hydro One. We looked at OPG, and we did the Brewers Retail. The Brewers Retail deal, I think—it turned out to be quite critical that we understand the economics of the Beer Store, and to do that meant we had to do deep, deep analysis of their financial situation. The same was true with Hydro One, and the same was true with OPG, and within Hydro One you had Brampton as well as Hydro One.

So I think the experience of someone who runs a business is, you want to know the facts before you make up your mind, and in order to get the facts, we need a lot of arms and legs and intelligent people.

Mrs. Laura Albanese: What do you think of all the criticism and the media attention around the employee shares of Hydro One?

Mr. Ed Clark: I think they've been mischaracterized. I think we had a vigorous negotiation with the Power Workers' Union around getting a new contract, and we had set out in our approach some fairly critical comments about the compensation levels and the structure of pensions and wanted to make sure that we made real progress, because all of that progress goes to the benefit of the ratepayers, and that's the important thing. We were essentially representing the ratepayers, negotiating with the Power Workers' Union. As part of that arrangement—and I'm at a slight disadvantage here because

we're not allowed to speak about this until the contracts are in fact ratified. But the things that have come out—you're aware we did say in our report that we got a net-zero contract, which is really, if you look at the history, a remarkable change, and that the benefits of that again go to the ratepayers.

Secondly, there were certain payments—as part of any deal, you give them something and they give you something, and the union wanted to have shares rather than cash. We said, "Well, why wouldn't we give you shares? You're asking us for that." That's a good thing to do because when you run a company, you want your employees aligned with the interests of the company as much as you can. I think it was a very nice gesture on the part of the Power Workers' Union, but a meaningful gesture that they wanted to be part of this new entity.

Mrs. Laura Albanese: There have also been some questions about oversight. Could you tell us what kind of oversight and accountability mechanisms exist in a publicly traded company?

Mr. Ed Clark: Any modern company today is heavily—the key thing is transparency and openness, a tremendous amount. There has been a tremendous improvement—I think a good improvement. As you know, I've been very critical in the industry about some of the practices that went on in the past, and so I think we have a lot more disclosure. A company cannot operate, whether it's privately—well, if it is, the only way it can operate is to be private, and then it's not subject to those laws, owned by a government. But once you get owned in the public domain, there's a huge amount of disclosure that you have to do that's good. I think it's also important to realize that publicly owned companies are subject to a lot of public scrutiny as well. It's good for them. That's what we think.

One of the things that was dismaying to us was the lack of customer focus in Hydro One, and I think that will dramatically improve.

I ran a company that started only with the customer and worked in, and it turned out to be great for the shareholders. But this was a company focused on the customer, and that's what we'd like to see happen here.

The Chair (Ms. Soo Wong): Mr. Clark, I need to stop you there.

Mr. McNaughton.

Mr. Monte McNaughton: I wondered if you could just explain how much influence the Premier's office had on you and on the committee and on the report.

Mr. Ed Clark: We obviously had dialogue, I would say, with the Premier and a core set of ministers in all our stuff. We were a non-partisan group, so we did cover the political range pretty widely here. We were attracted to this opportunity because, as citizens, we think Ontario has an issue, and we were trying to find doable solutions.

There would be no point, though, throwing up a solution if the government said right from the get-go, "Well, I won't do that." I can give you an example. The Premier made it clear that she did not want beer in convenience stores. You can have a big debate about whether you should have beer in convenience stores or not, and there's a range of different views on that topic. But what would be the point of us saying—we'd get little kicks out of giving a recommendation that she wasn't going to do.

So we were all the time having a real dialogue of where we were and where she was and seeing whether in fact we would end up—and that was a continuous process.

Mr. Monte McNaughton: In your final report you wrote, regarding Hydro One Brampton, that, "The council believes that the province should not conduct an open auction or procurement process...." I had asked of someone, prior to your coming today, this same question: Do you think it's an acceptable practice for the government not to have an open auction?

Mr. Ed Clark: We started with a predilection to have an open auction. We did consult with all of the major players who would have participated in that open auction. We asked them what kind of prices they were thinking of, and we obviously had some of our consultants look over all those numbers and say, "Where do you think the right price range is?"

We had said from the start that we would have two criteria: What was the price and what would it do for consolidation? Because we're deeply worried that Ontario has to move more rapidly towards consolidation. We were heading, right to the end, down a process of having an auction until what the group did—which is fairly typical; not atypical in the private sector—was to say, "What if I give you a pre-emptive bid? Why don't I give you above the price range that you've been hearing about in price and I can show you that we are the most exciting consolidation? We're going to win on both sides here." We said, "This is too good," in the sense that it represents the consolidation play that we really thought was very important, and at a price that was clearly acceptable to us.

The Chair (Ms. Soo Wong): Mr. Clark, thank you very much for your presentation and for being here today.

CANADIAN MANUFACTURERS AND EXPORTERS

The Chair (Ms. Soo Wong): The next presenter is Canadian Manufacturers and Exporters: Terry Adamo. Good afternoon. As you probably heard, you have five minutes for your presentation followed by three minutes of questioning. This round of questioning will begin with the government side. Can you please begin by introducing yourself and the position you hold with the Canadian Manufacturers and Exporters?

Mr. Paul Clipsham: Sure. Thank you. My name is Paul Clipsham. I'm director of policy and programs with Canadian Manufacturers and Exporters. I'm very pleased to be here to present on Bill 91, the budget measures bill.

CME is Canada's leading trade and industry association, and the voice of Canadian manufacturing and global

business in Canada. Our membership accounts for an estimated 82% of Canada's total manufacturing production and 90% of exports.

Manufacturing adds more total value in the Ontario economy than it does in any other province. Every dollar of manufacturing output generates billions of dollars in indirect impacts elsewhere in the province. No other sector generates as much secondary economic activity.

The manufacturing sector in Ontario has underperformed the national average since the early 2000s; however, there are emerging signs of recovery. Ontario manufacturers made strong gains in the first half of 2014, and monthly sales have finally surpassed their pre-recession-level peaks.

The manufacturing and exporting sector continues to be the largest sector, with approximately $287 billion in annual shipments and nearly 750,000 direct jobs. Manufacturing and exporting is on the cutting edge of Ontario innovation. Manufacturing also accounts for about 54% of all private sector research and development, and 80% of all new products commercialized in Ontario. Manufacturing's success is Ontario's prosperity.

CME is generally supportive of the budget measures bill. We are particularly pleased to see the inclusion of the extension of the accelerated capital cost allowance for manufacturing and processing equipment. This will help manufacturers to retain more of their cash to continue to make investments in more productive assets. The government has also recognized that the ACCA alone is not sufficient to spur the necessary investment to ensure manufacturers continue to compete in global markets. An additional $200 million for the Jobs and Prosperity Fund will enable the government to continue to make strategic investments to grow the economy.

CME believes that the biggest bang for the buck can be realized by investments in the manufacturing sector. For this reason, CME continues to recommend that the government recapitalize the Smart program, which was first established in 2008, to support investments in productivity, energy management, ICT adoption and environmental improvements.

The budget also featured significant investments in infrastructure, which CME believes are a key component of the manufacturing strategy for Ontario. Upgrading Ontario's infrastructure will improve the movement of goods and services, therefore improving productivity and economic growth.

While CME was encouraged by the attention paid to apprenticeship and skills development in the budget, we were concerned about the reduction in the Apprenticeship Training Tax Credit, which was an important incentive for those employers who are currently sponsoring apprentices.

1420

While CME also supports efforts to increase retirement income security for Ontarians, we remain concerned about the current Ontario Retirement Pension Plan framework, which will add mandatory costs to those businesses that are creating jobs and investing in Ontario's manufacturing sector. In pursuing the ORPP approach, it will be important to look at offsets for companies to avoid impacts on wages, jobs and the broader economy. The definition of what constitutes a comparable plan under the program should also be expanded to include other forms of employer-sponsored pension plans, including RRSP contributions and defined contribution programs.

I'd like to thank you for your time today, and I welcome any questions at this time.

The Chair (Ms. Soo Wong): That's great. Thank you very much. I think this round of questions is Mr. Milczyn.

Mr. Peter Z. Milczyn: Thank you, Mr. Clipsham, for your presentation today. You touched on a number of key issues in Bill 91, the budget bill. You spoke about the supports the government is putting into ensuring the skills of Ontarians support manufacturing. Could you speak a little bit more about how you think the ongoing investment in the Jobs and Prosperity Fund is going to help manufacturers?

Mr. Paul Clipsham: Yes. Certainly with respect to the skills issue, our members continue to tell us that skills are a top priority for them. In fact, in our most recent annual issues survey, 56% of respondents said that they were experiencing immediate skills shortages, so certainly any efforts to help with training and development are appreciated. The Canada-Ontario Job Grant is a great example of that. The Apprenticeship Training Tax Credit, which I mentioned, is also an important piece.

The Jobs and Prosperity Fund, I think, is a great opportunity to try to bring in some new investment, hopefully in manufacturing, and also to try to grow those existing companies. I think that's an important piece too, to look at manufacturers that have been here and continue to invest in Ontario, and to recognize that.

Mr. Peter Z. Milczyn: You also touched on infrastructure and some of the other programs the government is doing to support R&D, ICT and so on. Could you maybe speak to the importance of continuing the Southwestern and Eastern Ontario Development Funds that help support businesses across the province?

Mr. Paul Clipsham: Yes. I think the current lower-dollar environment has some potential real benefits for manufacturers in terms of making us more competitive in export markets, particularly the United States, but it also has a tendency to make investments in equipment, innovation and R&D more expensive, because a lot of those are coming from the US or Europe. Any type of incentives or initiatives to help continue to drive investment during a lower-dollar period are really helpful to manufacturers.

I think that would be a key message: that this is a good time to be investing in manufacturing, because there is opportunity, but there are also challenges in terms of making those investments.

Mr. Peter Z. Milczyn: So the extended capital cost allowance is going to have a big impact on retooling industry and preparing it for innovation and new manufacturing?

Mr. Paul Clipsham: Absolutely. It allows companies to write off their older equipment more quickly, which frees up cash to then reinvest in more productive, more efficient technologies. It's a really good incentive to help to do that.

The other thing that was key was that we had been looking for a more permanent—it has always been done in a very short window, but it's often difficult to plan on a short-term two-or-three-year time horizon, so the fact that the government is looking at a 10-year window for that is also really important. That will allow a lot of companies that otherwise, for one reason or another, weren't able to take advantage of that to now build that into their capital expenditure planning. That's something that's also important.

The Chair (Ms. Soo Wong): Okay. That's great. Mr. McNaughton?

Mr. Monte McNaughton: Thank you very much for your presentation. I know you do a lot of work talking to the government about the issues that are of concern to manufacturers and exporters.

I wondered if you could touch briefly on hydro prices. I know it's a big concern to a lot of manufacturers. I represent a riding in southwestern Ontario that has been extremely hard-hit in the last 10 years. The concerns about expensive energy are still the number one thing that I hear from my constituents and local manufacturers.

Mr. Paul Clipsham: Yes. There have been some initiatives recently to help companies to better manage their electricity, particularly the larger, more energy-intensive companies, which I think are positive, but there are still a whole lot of companies that are paying relatively quite high electricity rates when you look at it on a North American basis. Certainly, we're competing with those other jurisdictions for those manufacturing investments.

In a lot of the round tables, the meetings and the surveying that we're doing, electricity rates continue to come up as a key determining factor and one that, in Ontario, is still relatively high. Certainly, that's something that we didn't see in the budget. We had hoped to see something more definitive to help provide electricity rate relief for manufacturers. There was the northern rate rebate, which we support, but obviously those who are not in the north are not benefiting from that incentive. So more incentive on the electricity side would be welcome.

Mr. Monte McNaughton: Great. Thanks.

The Chair (Ms. Soo Wong): You have two more minutes.

Mr. Monte McNaughton: That's okay. That's it. Thanks.

The Chair (Ms. Soo Wong): Ms. Fife?

Ms. Catherine Fife: Thank you very much for coming in. You're on the record as saying that energy still continues to be a real cost and a challenge for manufacturers in these tight economic conditions. I think my colleague has raised the concern around the sell-off of Hydro One. The math just doesn't add up on this deal, as far as we're concerned, especially when you remove the oversight around the high cost of energy.

Do you want to weigh in on this in a very succinct way, on the sell-off of Hydro One?

Mr. Paul Clipsham: Yes. CME has not taken an official position on it. I think—

Ms. Catherine Fife: You have 48 hours, you know.

Mr. Paul Clipsham: I think that there are some mechanisms that I think the previous speaker talked about that are in place to manage some of the risks that could come with it. There are other private entities, for example, that still have their rates determined by the Ontario Energy Board and there's no real appreciable difference. There's also an argument that 100 years ago, we had a public power model that was low-cost—power for everyone—that is no longer entirely in place, so—

Ms. Catherine Fife: I think it is a competitive edge, though, right? Hydro rates are a competitive edge, and it's a deterrent for manufacturing in the province of Ontario.

Mr. Paul Clipsham: Yes, and the other thing to keep in mind is that other jurisdictions, particularly south of the border, are offering fairly aggressive incentives, too, in terms of power rates, much to the frustration of our Ontario manufacturers. It is an area where there's still work to be done.

Ms. Catherine Fife: You also mentioned the apprenticeship—and thank you for raising it, because I think that the reductions in the training tax credit came as a surprise for a lot of people. There's a reduction of $30 million in 2015, $70 million in 2016-17 and $95 million in 2017-18. Can you talk about what kind of deterrent that is, to actually encourage the apprenticeship learning opportunities?

Mr. Paul Clipsham: The reality is that we need to get more employers to take on apprentices, and for a variety of reasons, there are barriers to doing that for employers, but the apprenticeship tax credit is something that helps to offset those costs for those good employers that are taking those apprentices. The fact that there's a reduction there is a concern, and I think it's a disincentive to taking on apprentices.

We've looked at other models that are working successfully, like a consortia approach, where you would get a group of companies, and we've employed that successfully in Hamilton. So there are other models to encourage apprentices, and I think the government is looking at some of those. But certainly the incentive is still important.

Ms. Catherine Fife: So the tax credit is sometimes a tipping point to open the door to apprenticeships, and I think we need to actually ensure that the businesses in Ontario, the manufacturers, understand that we want them to be part of the solution. But they also have to see that the government wants to partner with them, don't you think?

Mr. Paul Clipsham: Yes, absolutely. The apprenticeship system is really important. I mentioned that the skills issue is still very large in Ontario, and so anything we can do for industry and government to partner to increase the number of people entering the skilled trades and taking on apprentices, I think, is welcome.

The Chair (Ms. Soo Wong): Mr. Clipsham, thank you very much for your presentation. Thank you for being here today.

Mr. Paul Clipsham: Thank you.

1430

CAA SOUTH CENTRAL ONTARIO

The Chair (Ms. Soo Wong): The next presenter is CAA South Central Ontario. I think Mr. Silverstein is here. Good afternoon. As you probably know, you have five minutes for your presentation, followed by three minutes of questions from each of the caucuses. This round of questions will begin with the official opposition party. You may begin at any time. Please identify yourself and your position with CAA for the purposes of Hansard. Thank you.

Mr. Elliott Silverstein: Thank you. Madam Chair and members of the standing committee, my name is Elliott Silverstein, and I'm manager of government relations with CAA South Central Ontario.

Currently, CAA serves nearly six million members through nine clubs across Canada. CAA South Central Ontario is the largest club in the federation and among the three clubs operating in Ontario. We currently serve 2.3 million members across the province. Our membership numbers prove that no other organization is more in touch with motorists.

Advocacy is the origin of our existence. Today, CAA continues to advocate on behalf of its members and the motoring public at the provincial and municipal levels of government. Our advocacy work focuses on transportation infrastructure, mobility, traffic safety and consumer protection.

We focus on issues that affect our members and the motoring public, and do our best to help people understand these issues. Our members are not just motorists; they are cyclists and our members use public transportation systems. They understand the importance of integrated transportation systems, regardless of the mode that they choose.

In last year's budget, the government introduced a dedicated funding plan to build a transportation network in this province. CAA has long called for dedicated and sustainable funding to help address transportation infrastructure needs, including roads, bridges, highways and transit projects across Ontario. We're pleased to see infrastructure defined as a key priority in this year's budget. We are encouraged by the steps taken to address congestion and help enhance transit and road infrastructure across the province.

This year, the original figure in 2014 of $29 billion to be committed over a 10-year span for infrastructure was increased by $2.5 billion to be still divided between the greater Toronto and Hamilton area for transit and the remainder of the province for roads, bridges, transit and other infrastructure.

We continue to advocate for dedicated funding through the provincial gas tax in part through our Worst Roads campaign, which we'll actually be unveiling later this week, highlighting provincial and regional lists in that particular area. The government's commitment of seven and a half cents from the tax collected on every litre of gas sold for transit and infrastructure is a good start. CAA wants to ensure that the $31.5-billion commitment remains the same regardless of any variations in the amount of HST that is collected.

In particular, as we look across this province, we see that gasoline prices are lower in comparison to one year ago. Prior to today's presentation, I reviewed CAA's gas price monitor and found that the current provincial average for gasoline is $1.09. Comparatively, one year ago, the average price was $1.36, and over the past 12 months the highest price on average was $1.41, last June.

This data shows us that there is a reduction of about 25 cents per litre on average since this time last year. With the funding formula relying on the collection of HST to provide funding over the next 10 years, we're seeing less HST being collected per litre at the pumps based on current retail prices. While it is likely the gas prices will return to previous levels over time, there is a current shortfall in the HST collected compared to various points over the past year.

CAA believes that commitments made in both the 2014 and 2015 budgets provide a foundation for numerous improvements to Ontario's transportation infrastructure network. While market conditions have lowered gas prices, it is imperative that commitments to dedicated funding continue as originally projected, regardless of any reductions in HST collected.

Lastly, the provincial budget announced changes enabling auto insurance companies to provide winter tire discounts to policyholders. For several years, CAA's insurance division has been offering this discount to policyholders. We believe the announcement is an important step to enhance safety by providing an incentive to acquire winter tires, should a motorist deem it necessary for their vehicle. Thank you.

The Chair (Ms. Soo Wong): Thank you very much. Mr. McNaughton, do you want to begin the questioning?

Mr. Monte McNaughton: Thank you very much for your presentation, and thanks to CAA for the service that they provide to the people of Ontario.

Just maybe for clarification for me, and maybe to the others on the committee: You're advocating for the province to make up the difference in the gas tax revenue because of the price of a litre of fuel?

Mr. Elliott Silverstein: What we're advocating for is that the original amount of $29 billion, which has now increased to $31.5 billion—we want to ensure, regardless of any fluctuations in HST, whether increase or decrease, that the commitment to the $31 billion remains static, so that if the gas prices were to drop again by 20 cents or 25 cents, as we saw last year, the shortfall of the funds would not be impacting the overall transportation fund.

Mr. Monte McNaughton: Has CAA, in the past or currently, taken a position on how the province of Ontario should fund their infrastructure projects?

Mr. Elliott Silverstein: We've been partnering with the government for many years on trying to enhance it, to

really talk about the areas. We want to ensure that dedicated funding is the critical aspect.

In terms of where the revenue comes from, we haven't been involved in those discussions, but what we are saying is that funds that are collected through gas and diesel sales should go back into road infrastructure projects. We've been pleased to see those steps moving forward thus far and certainly hope to see more of that in the future.

Mr. Monte McNaughton: Thanks.

The Chair (Ms. Soo Wong): Ms. Fife.

Ms. Catherine Fife: It's nice to see you, Elliott.

CAA has been a huge advocate for strategic infrastructure investment in transit in particular—even cycling, which I don't think is well known.

We're here to talk about the budget bill, and Bill 91 is predicated, of course, on the sale of Hydro One. But it does not say specifically that any revenue or proceeds from the asset optimization program go into the Trillium Trust or that it's even spent on infrastructure. I think a lot of people are thinking there's going to be a quick cash grab here, and it's going to go to infrastructure or transit, but there are no mechanisms within this bill that actually guarantee that the bonus from those assets actually gets to where it's supposed to go. Do you have any concerns about that, and can you voice them here at this committee?

Mr. Elliott Silverstein: I think that the government is working on a variety of initiatives, and while we haven't weighed in on anything related to the sale of assets, we certainly want to ensure that transportation and road infrastructure for all types of transportation uses is fundamental. I think that as we look at those initiatives, we do want to see the funds coming forward—at least a portion—towards infrastructure. We do know that there has been a strong commitment towards infrastructure.

While I can't speak to the specifics of what the bill actually suggests in terms of how it's allocated in terms of funds, we would certainly advocate that revenue continue to be coming forward not just in the current initiative but more in the future as well.

Ms. Catherine Fife: Once this deal happens, though, we lose oversight over it. That's the deal, right? That's what we're being sold—this $9 billion, if you believe that they can actually get that price for Hydro One. We have almost a billion dollars in revenue coming from Hydro One a year towards education, health care and infrastructure. That's guaranteed income. Once it's sold, it's done.

CAA has been watching where the dollars have been going for a long time. Do you have any concerns about no clear mechanism whatsoever for these funds to actually go towards infrastructure or transit?

Mr. Elliott Silverstein: From our perspective, as we look at the transportation and infrastructure component, I think that what we've been trying to do for a number of years is really talk about the transparency, and dedicated funding provides that transparency. While I'm not well versed on the specifics around the Hydro One and other asset sales, certainly from our perspective, we believe that the greater clarity you have in where funds are coming from and where they're going provides greater consumer confidence and greater public confidence in how funds are being used. I think from our perspective, the greater clarity that there is, the better it will be for all.

Ms. Catherine Fife: So then this bill needs to be improved.

The Chair (Ms. Soo Wong): The next round is Ms. Hoggarth.

Ms. Ann Hoggarth: The 2015 budget contains a provision, as we've talked about, that provides an incentive for Ontario drivers to use snow tires. I know my daughters are very excited about this. They're already scouting out where to buy their snow tires. Can you tell us a little more about this incentive and how it will keep Ontario drivers safer?

Mr. Elliott Silverstein: From CAA's perspective, we've actually had this in place for a number of years with our policyholders. For those who have four matching winter tires and have them equipped in the wintertime—

Ms. Ann Hoggarth: They have to match?

Mr. Elliott Silverstein: They should.

Certainly, if they have winter tires in place meeting certain criteria, obviously defined by FSCO, the Financial Services Commission of Ontario, then the policyholder would be entitled to a reduction on their auto insurance premium.

I think it's an important step because some will determine, based on their travel and their commute and where they reside, that they would want snow tires. It is a costly investment, and certainly for some, it can be cost-prohibitive. So a discount in some ways provides a bit of an opportunity to enhance safety across Ontario's roads so that you're making it safe for yourself, as well as safe for others.

1440

Ms. Ann Hoggarth: Great. Can you tell us how the government's investments in infrastructure will positively impact drivers on our roads and actually should be good for your organization as well?

Mr. Elliott Silverstein: I think the movement forward with infrastructure is not just for motorists; it's for all road users. Our members, as I mentioned at the outset, are transit users or cyclists, and they're motorists as well. Certainly, I think that the steps being taken provide the initial steps to really try and ensure that there's a dedicated network, that there's an integrated network, and that we're going to have a stronger road network, a stronger transportation network across the province, building it out. Certainly, we are hoping to see that it builds out further and further across Ontario so that Ontarians from east to west are able to reap the benefits.

The Chair (Ms. Soo Wong): Thank you, Mr. Silverstein.

ONTARIO REHAB ALLIANCE

The Chair (Ms. Soo Wong): The next presenter is the Ontario Rehab Alliance, and I believe it's Laurie Davis, the executive director. Welcome.

As you've probably heard, Ms. Davis, you have five minutes for your presentation, followed by three minutes of questioning. This round of questions will begin with the third party. Can you introduce yourself and your colleague for the purposes of Hansard, plus your position with the alliance? Thank you.

Ms. Laurie Davis: Yes, of course. Good afternoon. I'm Laurie Davis, executive director with the Ontario Rehab Alliance. With me is Nick Gurevich, the founder of our association and past president.

The Ontario Rehab Alliance is profoundly disappointed and worried by Bill 91 and the accompanying announcement of changes to standard auto insurance benefits. We believe that the proposed changes are a very bad accident waiting to happen.

Our members employ thousands of health care professionals who see first-hand the impact of accidents on the lives of their clients. While we understand the pressure this government is under to reduce premiums, we worry about the future well-being of 65,000 Ontarians who are injured in motor vehicle crashes every year. We regretfully believe that the latest policy direction will have a devastating effect on the most severely injured and their families.

We will undoubtedly see fellow Ontarians, whose horrific crashes result in quadriplegia, severe brain injuries and amputations, live the rest of their lives with little or no dignity. The future of their children, wives, husbands or parents will be forever changed as they have to rededicate their lives to being full-time caregivers in light of these deep cuts to the benefits.

Fact: All Ontario taxpayers, our exhausted social safety net and unpaid caregivers will pay a high price for minimally lower car insurance premiums for drivers because of this giveaway to profitable insurers.

Fact: No-fault benefits have been consistently eroded over the past 25 years and are not indexed, so have not kept up with inflation, yet this budget proposes to index the tort threshold to make it increasingly difficult for accident victims to sue the at-fault party.

Despite their contractual obligation to the insured, insurers have been on the receiving end of a long series of concessions from government that have allowed them to erode the so-called protection that they provide to accident victims.

Fiction: Auto insurance is not profitable and insurers need to reduce claims costs.

Fact: A recent study conducted by Professors Lazar and Prisman from York University's Schulich School of Business shows that most auto insurance companies of Ontario have done very well in the past years. In fact, from 2001 to 2011, on average, many had returns on equity of 9.7%, far in excess of what should have been allowed by the regulators, which was somewhere around 7.3% over this period. The excess returns over the anticipated allowable percentage of ROE for this group were even larger in more recent years: 14.9% versus 6% as the allowable percentage in 2012, and 17.5% versus 5.8% in 2013. These are the years following the big slash, before the one now proposed. Based on these figures, another cut is not necessary and will further erode the already inadequate coverage provided by medical and rehabilitation benefits.

Fiction: We have the richest auto accident benefits of any province, and these changes will level the playing field.

Fact: On a weighted average basis, we have the poorest. This is largely because almost 80% of injuries are minor and benefits to minor injuries are capped at $3,500 in Ontario.

Fiction: Auto insurance claims are high because of fraud.

Fact: Ontario government officials admit offline to us that most fraud left the system after the last big slash in 2010. Hundreds of audits of licensed health care providers conducted by FSCO in the past months have found no evidence of fraud.

What happens when the injured don't get the appropriate medical and rehabilitation support they thought they were insured for? Fact: They go without. Our publicly funded health care system no longer provides much rehabilitation after shortened hospital stays, and home care provides even less.

Slashing insurer responsibilities to provide support will lead to:

Fact: More physician and emergency room visits by those who have no access to the right kind of care.

Fact: More people struggling to survive on ODSP, Ontario Works and food banks.

Fact: Caregiver burnout, family breakdown, addictions and incarcerations.

The Chair (Ms. Soo Wong): Ms. Davis, can you wrap up?

Ms. Laurie Davis: Please don't let this happen. Take a stand to protect those who rely on you to regulate auto insurance in the public's interest. Do not make us all pay for increased insurer profitability. Thank you.

The Chair (Ms. Soo Wong): Okay. Ms. Fife, do you want to begin the questioning?

Ms. Catherine Fife: Thank you very much to both of you for coming here today. Give us some sense: How shocked were you at this 50% reduction in benefits for a segment of Ontario's most vulnerable population, those who find themselves a victim of catastrophic injury? Did this blindside you—

Ms. Laurie Davis: We were absolutely blindsided by it—completely. There was no consultation.

Mr. Nick Gurevich: Yes. We were expecting some sort of a change to the definition of what "catastrophic" means, but there was no discussion about actually changing the cap that is in place right now. In coming here, before this presentation, I took about 15 minutes to Google the topic—and Laurie gave you a sense of the numbers. A 15-minute Google exercise reveals that the average returns on equity for the top five insurance companies, in 2013, were about 15%, and in 2014, they were about 14.5%—slightly under but still quite substantial. To contrast that, a study that is published by the

US treasury department shows that, on average, the return for the last five years for P&C companies in the United States was 7%. That's half, and that's the comparison that should be looked at.

Now, we understand that it's good to reduce premiums. There's no question about it. That's great for drivers, but it can't come at the expense of the most severely injured or the most catastrophically injured—

Ms. Catherine Fife: Absolutely, and we haven't seen the reduction in premiums, quite honestly. They're not there.

Mr. Nick Gurevich: Correct—especially when a peer group in the States earns half of the return. So should the pain not be borne by insurance companies first and by the vulnerable victim second?

Ms. Catherine Fife: Sure. Don't you see that this would be just a download actually to the social and health care system? If the home care piece is not there—you mentioned the unpaid caregivers. Society is going to bear the brunt of this regardless, instead of the insurance operators, who have already been paid these premiums.

Ms. Laurie Davis: Exactly. It is sort of a zero-sum game, and insurers are the third payer, after the public sector, which, for the most part, is just paying these days for shortened hospital stays and home care which has been quickly evaporated and, in terms of rehabilitation, is almost non-existent.

Ms. Catherine Fife: You called this a giveaway. Can you just extrapolate on that a little bit, Laurie?

The Chair (Ms. Soo Wong): Ms. Davis, can you please be brief in your response to Ms. Fife?

Ms. Laurie Davis: Yes. We think that insurers have already collected premiums for accident benefits, and they will continue to do so. But it's going to be the seriously and catastrophically injured victims and all of us who try to support our increasingly exhausted social safety net who are in a sense buying that premium reduction.

Ms. Catherine Fife: Thank you.

The Chair (Ms. Soo Wong): All right. Ms. Albanese.

Mrs. Laura Albanese: Thank you for your presentation to the committee today.

I want to start by saying that I'm acutely aware of the effects that a car accident can have on an individual and their loved ones and family. My husband was involved in more than one serious car accident—not catastrophic but nonetheless very serious. He was always a passenger; he wasn't driving. However, we have, as a family, felt the pain on the road to a challenging recovery.

1450

I'm also interested in auto insurance because of the riding that I represent: I do get many people in my riding, especially seniors, who will complain about the rates, so I'm aware of all of that.

As you mentioned, I also know that it's a hard balancing act for the government to try to be generous, to continue to have a balanced approach with generosity in the system, and at the same time try to reduce the rates for drivers, as we have committed to do and as residents of Ontario are asking us to do. Sometimes we have to make hard decisions, and we'll take into consideration everything that you're bringing to the table.

At the same time, I do know that Ontario, as you mentioned as well, is, I think, the only Canadian jurisdiction that has a private auto insurance system that provides coverage for catastrophic impairment. My understanding is that you would still be able to sue if you were involved in an accident. And there is still the option to purchase enhanced benefits. From the data that I have received from the ministry, I am told that over 90%—I think up to 99%—of people in Ontario, the consumers, do choose to purchase more than what is offered.

Ms. Laurie Davis: Less than 2%, actually; 1.4%.

Mrs. Laura Albanese: Really? I have, "More than 99% of consumers purchase more than the mandatory minimum"—

Mr. Nick Gurevich: Maybe third-party liability.

Ms. Laurie Davis: For third-party liability, but for accident benefits it's about 1.4%.

Mrs. Laura Albanese: Okay.

I guess the other thing I would say is that the government is committed to ensuring that the savings would not go to insurance companies but that they would be passed on to consumers, any savings that would be achieved.

At the same time, I would be interested in a comment from you on how Ontario compares to other provinces for providing catastrophic impairment coverage.

Mr. Nick Gurevich: You are—

The Chair (Ms. Soo Wong): Could you answer very briefly? Because I want to finish this presentation.

Mr. Nick Gurevich: Yes, I'll try that. No other province has a catastrophic determination; you are right about that. Yet no other province has as low minor injury coverage as we do. That's why Laurie mentioned that on a weighted average basis we are, in fact, the lowest provider of coverage, because between 75% and 80% fall into that category.

Lastly, I'm sorry to hear about your husband's experience, and it is very noteworthy for you to know that with the current reductions, although the driver can buy up an option, the passenger will not be covered by that option and will suffer from lower benefits available to them, whether they're a passenger, a cyclist or a pedestrian.

The Chair (Ms. Soo Wong): Okay. Mr. McNaughton?

Mr. Monte McNaughton: I just wondered if, for the committee, you could let us know the reductions in the benefits, prior to the reductions and then where we're at currently, just to put some numbers to it.

Ms. Laurie Davis: Yes, of course. The numbers proposed currently, or some of the proposals, would combine rehabilitation for serious injuries with attendant care benefits, which are currently two separate pots of money. The new combined total would be $65,000, which is a reduction of 25% from the current amount.

Mr. Nick Gurevich: It's not an increase, as it actually says in the budget.

Ms. Laurie Davis: Yes. We envied them their writer.

Rehabilitation for serious injuries and attendant care benefits for catastrophic injuries are now proposed to be combined at $1,000—

Mr. Nick Gurevich: One million dollars.

Ms. Laurie Davis: One million dollars; thank you—as opposed to the two separate pots of $2 million, as they currently are.

Mr. Monte McNaughton: Would you say that this is a fallout from a couple of years ago, the debate we had at Queen's Park between the NDP and the Liberals to reduce insurance rates by 15%? Is this one of the repercussions from that?

Ms. Laurie Davis: That seems likely. I mean, we don't really have a position one way or another on the reduction of premiums. We understand the rationale. We certainly think insurance companies can afford to reduce premiums without this additional giveaway.

Mr. Monte McNaughton: Thanks.

The Chair (Ms. Soo Wong): Thank you very much for your presentation.

COLLEGES ONTARIO

The Chair (Ms. Soo Wong): The next group coming before us is Colleges Ontario, Ms. Linda Franklin. Good afternoon, Linda.

Ms. Linda Franklin: Good afternoon. How are you?

The Chair (Ms. Soo Wong): Good, thank you. Welcome back.

Ms. Linda Franklin: Thank you very much.

The Chair (Ms. Soo Wong): As you know, you have five minutes for your presentation, followed by three minutes of questioning from each caucus. This round of questions will begin from the Liberal side. All right?

Ms. Linda Franklin: Great. Thank you. I'll speak really quickly.

Madam Chair and members of the committee, thank you for the opportunity to speak to you today.

Let me start by commending the government's announcement to invest $55 million in new funding for apprenticeship, their reaffirmation of deferred maintenance funding to repair and upgrade the aging college infrastructure, and improved student assistance. All of these budget announcements support the government's commitment to invest in people's skills and training, and investing in infrastructure. These are two, in our view, of the key pillars of creating a more prosperous province.

About 90% of the apprenticeship in-class training is delivered at colleges, and we really must ensure that our apprentices are learning a trade using the equipment that employers utilize today. I know that for all three parties apprenticeship has been an important and abiding concern, and so this is a huge plus. The increased in-class fees will be implemented over two years, as you know, and that almost restores us to 2008-09 levels. So it feels like we have a ways to go, but it is a huge step in the right direction.

Funding apprenticeship training, as you know, is an urgent issue in colleges. Some of them were subsidizing apprenticeship training and others were cancelling programs in key areas. This will help reverse that trend and make sure that we have the right folks in the right jobs at the right time.

There's more that has to be done on the apprenticeship front and we're working with the government now, looking at structural reform, helping more students get into apprenticeship, helping it become more transparent, helping it feel more like post-secondary education—and all of that is to come.

The increased funding for deferred maintenance first announced in 2014 is also critical, and it's urgent, in our view, that these funds flow as quickly as possible so some of the most urgent considerations can be addressed immediately. Thank you for all of that—important contributions, I think, to the future of our province.

One issue that I would like to raise with you today, which I think the president of Georgian raised earlier in the day, is the issue of the overall financial sustainability of the system. It's a particularly pressing issue facing a number of our rural and northern colleges.

The government has realized that there's a need to address the financial sustainability of our sector, particularly as our demographics change. It's committed to reviewing the funding formula of the universities and the colleges. The university funding formula review is going on now. It's expected to take a year or two, and so ours will come up probably about two years from now.

One of the key issues facing this review for both colleges and universities is how to ensure that funding increases, which have traditionally been tied to enrolment increases, address sustainability issues that arise as we see our demographics change. You've seen those demographic changes roll over the primary and secondary school system. They're starting to hit our colleges and universities now, and yet we have funding formulas that rely almost entirely on increasing enrolment.

In our smaller and especially rural and northern communities, populations are not increasing at a rate that they are in the highly urbanized centres. This reality is having a profound effect on post-secondary funding. At the same time, of course, chasing enrolment for the sake of revenue is not necessarily in the best interests of our institutions, our students or our communities in the coming year.

This financial sustainability issue is a particular challenge, given current and future demographic realities and the economies of scale in some of our smaller institutions. The government recognized this a couple of years ago with the College Financial Health and Sustainability Grant. This was a two-year grant, the purpose of which was to provide bridge funding for a limited number of colleges facing financial issues until we could review our funding formula and find a new method of ensuring sustainability for smaller institutions without huge enrolment increases. The funding was project-based, and it allowed a lot of institutions which were not predicting enrolment increases to develop plans to improve their fiscal sustainability. A lot of projects were started, many

of them are finished, and some of them are still under way, but all of them are making a difference.

1500

The grant, however, has now ended, in some cases well before our colleges could completely reorganize how they operated, and the college funding review will not take place until a year or two from now. So we're left with a gap of a couple of years before we really have a solution to the problem that these colleges face. It's leaving some of our colleges in a really tough financial situation. It requires them to take some pretty extreme measures to make sure they can provide a safe and effective educational environment. We are cancelling programs, relying more on part-time staff, and terminating some other staff, and in addition, urgent maintenance requirements and programs to support at-risk students are being paid for out of operating funds.

There are also colleges that have had to liquidate equipment and land to keep themselves in the black.

The Chair (Ms. Soo Wong): Linda, could you wrap up your presentation?

Ms. Linda Franklin: Absolutely. We believe that this issue is a temporary one but it's a critical one. Frankly, we don't want to find ourselves with students finding that programs that they were interested in attending have been cancelled, leaving them with no option. Most college students don't travel outside of their local community, so if the local college doesn't have the program they need, they're looking at no program.

Our request is simply that you reinstate the College Financial Health and Sustainability Grant for the next two years, until we have a chance to review the funding formula and find a solution in a demographically challenged environment to some of these challenges facing our smallest and rural and northern institutions.

Thank you very much, Madam Chair.

The Chair (Ms. Soo Wong): Thank you very much.

Mr. Baker, you may begin.

Mr. Yvan Baker: Thank you so much, Ms. Franklin, for being here today. I want to thank you and everyone you represent—the colleges you represent—for the work that you're doing. We've had this conversation on a number of occasions. As someone who's taught part-time at a university but understands the tight linkage between post-secondary education and favourable and positive outcomes for graduates, I really appreciate the work that you're doing.

On a personal note, I thank you for your input today but also for your Fuelling Prosperity plan. What was of particular interest to me was how you thought about addressing the issue of youth unemployment and matching training with labour markets.

Ms. Linda Franklin: Absolutely.

Mr. Yvan Baker: If I may, I'd just like to ask a couple of quick questions. One was around the most recent changes to OSAP that were announced. I would just like to hear your feedback on that and what you've been hearing about that.

Ms. Linda Franklin: It's absolutely critical, I think. It's funny, Yvan: When we poll students and ask them, "Why are you reluctant to attend post-secondary?"—we did a huge study of this a few years ago—up at the top are always financial considerations. In many cases, you look at it and you say, "Well, it's not that expensive. How can you not manage this?" But the truth of the matter is, particularly in the college system, a lot of students are coming from environments where their parents had no money. They were potentially very indebted and they saw that growing up, so for them, the spectre of graduating with debt, even if it's not a lot of debt, is quite horrifying to them.

The extent to which we can make sure that we provide the safety net they need—and make sure that, particularly in a challenging economic environment, if they can't get a good summer job, they can still afford to attend, and they don't feel that when they graduate, the burden is so overwhelming that they can't manage it—is going to be critical to make sure that every member of our society has equal access to post-secondary education. It's a huge help.

Mr. Yvan Baker: Okay, great. Can you talk a little bit about what you have been hearing from colleges about the work to improve student mobility, particularly through the expansion of credit transfer opportunities?

Ms. Linda Franklin: Sure. I think there has been a lot of really good work done there. A few years ago, ONCAT, the agency that facilitates transferability, didn't exist. When we talk to folks in BC, they say, "We understand why this is happening in BC. We started in the 1960s with a culture that supported transferability and enhanced transferability between colleges and universities." In Ontario, we were always meant to be travelling down two parallel but different tracks, so culturally we don't have that same sense of marriage.

In the last few years, the work that's been done has sort of pushed the institutions together, incented them in all sorts of ways, and we're starting to see results.

The challenge now is we've got all the low-hanging fruit. It's going to get tougher from now on—institutions that are less interested in co-operating programs that are less easily married—but we've made real strides and will continue to make strides. Our goal is to keep working on college-to-university transfers, but also to think about how apprentices, if they chose to, could become PhDs in electrical engineering. What's the pathway for that, if they choose to?

How do we make sure that the pathways from college to college are as easy as they can be? We now have business programs where, if you take them at any college, you can transfer to any other college and not lose a single course, so we'll be doing that too.

The Chair (Ms. Soo Wong): Linda, I need to stop you there. I need to go to Mr. McNaughton for the questions.

Ms. Linda Franklin: Sure.

Mr. Monte McNaughton: You touched on it in your remarks, but what are some of the steps that colleges will

take before this two-year review actually takes place? What kind of front-line cuts will people see?

Ms. Linda Franklin: Part of the challenge for us is that the colleges are already really careful stewards of money. We already have joint pension plans, joint bargaining and lots of combined work, so a lot of the things that you would think naturally we would do were done years ago. We work well together.

Now we've come to a place of very tough decision-making. One of our colleges had to sell off a helicopter in their flight training programming to pay for some programming. We have colleges who are not replacing staff who are retiring, which you would probably expect. But in addition, of course, we're using more part-time workers because they don't carry the same benefit costs to us.

A lot of the northern colleges now are trying to work together to streamline their programming, but that may well mean that there are hundreds of kilometres of distance between somebody's ability to take a business program in the north and the next college over that offers it. So there's lots of amalgamation going on. There is a lot of back office amalgamation. But more than that, we're selling equipment, we're selling land, and we're doing all sorts of things that would have been unimaginable a few years ago, frankly, just to keep the lights on until we can figure out the sustainability piece, which I think everybody recognizes is a huge challenge.

Mr. Monte McNaughton: What kind of shortfall will there be between now and the review?

Ms. Linda Franklin: The sustainability grant provided about half a million dollars per college. It's certainly in and of itself not enough. But, for example, it's the difference between Northern College being $800,000 in debt or $300,000 or $400,000, which they can probably bridge. That's the magnitude. It doesn't feel like big numbers, but it makes a huge difference in smaller communities.

Mr. Monte McNaughton: I understand that, across the college system, there is a change in pensions for part-time employees.

Ms. Linda Franklin: Right.

Mr. Monte McNaughton: When did that take effect?

Ms. Linda Franklin: It has been a few years now, but the big difference in the last few years has been just awareness building. The pension plan has been, rightly so, building awareness around the fact that if you're part-time staff, you have a right to be part of the pension plan. So the last three years has seen a real shift in part-time interest in the pension plan, which is causing—

Mr. Monte McNaughton: Are those pensions defined contribution?

Ms. Linda Franklin: Yes.

Mr. Monte McNaughton: Okay.

Ms. Linda Franklin: Sorry, they're defined benefit.

Mr. Monte McNaughton: They're defined benefit.

Ms. Linda Franklin: Yes, including our part-time.

Mr. Monte McNaughton: So they are more expensive. Wow. Thanks.

The Chair (Ms. Soo Wong): Thank you. Ms. Fife?

Ms. Catherine Fife: Thank you very much, Linda. In your presentation, you talk about apprenticeships. You talk about the importance of students learning their trade on the same equipment that employers are utilizing, and you mention that Ontario's apprenticeship programs are some of the lowest-funded in Canada. You say that colleges are subsidizing apprenticeship training by diverting funding from other areas. That's been the theme of your presentation, that you've been doing as much as you can.

Ms. Linda Franklin: Right.

Ms. Catherine Fife: Then, of course, you talk about the importance of tradespersons to the overall economic status of this province. But you didn't mention the impact of the reduction in the apprenticeship training tax credit. I see that as part of the equation as well, because the private sector has been willing to come to the table and partner with colleges and partner with programs.

Ms. Linda Franklin: Right.

Ms. Catherine Fife: So there was a reduction of $30 million in 2015, a reduction of $70 million in 2016 and a reduction of $95 million. Can you talk about the impact of that reduction in the training tax credit for businesses to open the doors for apprenticeships?

Ms. Linda Franklin: To be honest, we can't talk with any real authority about that, because I think the business community is still trying to get their heads around exactly what that means. I think it took them by surprise. We were in the budget lock-up with other business folks, and they weren't anticipating it, so it was a bit of a surprise to them. I know the chamber is working on a response now.

I do think, generally speaking, though, we have a huge challenge in encouraging business to take on apprentices. Anything that damages that or undermines it is a challenge. We have, I think, one of the lowest rates of this. We have businesses that take apprentices on for part of the time and can't complete. However we deal with this issue, we certainly have a lot of work to do just around the encouragement of employers taking on apprentices and a better partnership amongst us all to make sure these students get the training that they need.

Ms. Catherine Fife: Okay. Thank you very much.

The Chair (Ms. Soo Wong): Thank you very much, Linda, for your presentation.

1510

CEMENT ASSOCIATION OF CANADA

The Chair (Ms. Soo Wong): The next group coming forward is the Cement Association of Canada: Mr. David Black. Good afternoon, David. Welcome. You know you have five minutes for your presentation, followed by three minutes of questioning from each caucus. This round will begin with Mr. McNaughton. Can you please identify yourself as well as your colleague for the purpose of the Hansard?

Mr. David Black: Actually, my colleague is going to start.

The Chair (Ms. Soo Wong): That's great. Thank you.

Mr. Steve Morrissey: Madam Chair, thank you. My name is Steve Morrissey. I'm the executive vice-president of the Cement Association of Canada. Of course, you know my colleague David Black. He's our Ontario director and our director for Atlantic Canada.

I wanted to start off to say that our industry provides the domestic, reliable supply of cement and concrete that's required for all of the transit projects and the infrastructure announcements. Everything that we think of in the built environment is somewhat dependent upon our materials, and we want to be part of the solution in moving forward with these infrastructure investments.

Our members in Ontario—some of you know them very well—are Lafarge, Holcim Canada, Essroc Italcementi, Federal White and St Marys Cement.

Our industry in Ontario generates over $6 billion in economic activity and supports the $37-billion construction industry in Ontario. We directly and indirectly employ over 16,000 Ontarians.

There are a few issues I want to talk about today, with my colleague. First of all, infrastructure spending: We congratulate the government on their recent 10-year announcement. The billions of dollars invested in infrastructure are having a noticeable effect on the average age of the province's infrastructure and on the lives of the people of Ontario. These investments are helping transform the province while also enhancing competitiveness, which is crucial in Ontario today. We also applaud the government's decision to expand the Moving Ontario Forward plan to $31.5 billion. The investments in public transit, such as the GO Transit expansion, which is helping to connect communities in Toronto and Kitchener-Waterloo and Ottawa, and many other public transit investments are helping us to move within our communities.

One of the things that I wanted to talk about today which is very important is that the province has decided it's going to commit billions of dollars into infrastructure, and we have to avoid the traditional problems that governments of all jurisdictions have: They look at the initial costs of a project and they go ahead with it. Now we have a massive infrastructure deficit, and that's largely because all governments, not just the Ontario government, haven't looked at maximizing the decisions in building the infrastructure. There are tools that can be used now, which we've advocated for, that can improve infrastructure decision-making. These are life cycle cost assessment tools and life cycle assessment tools.

The demand for provincial funding still outweighs the money that's available. We believe the government should build on its use of asset management planning by also requiring that life cycle assessments and life cycle cost assessments are made when infrastructure spending decisions are made.

Life cycle cost assessment is a great tool for understanding not only construction costs, but also the long-term maintenance costs of an infrastructure project. LCCA analysis simply asks the ministry, department or municipality to do the math by evaluating all infrastructure spending funding requests. This is the way to ensure that the public gets the best bang for its buck.

For instance, when the government invests in a road project, they should look at the 30-year costs of the project. In the case of an asphalt road, it will need to be repaved every five to seven years, while a concrete road will be virtually maintenance-free for its first 20 years, with very little additional maintenance needed until year 30—and of course, no potholes.

Life cycle assessment is another tool which is slightly different, but it's also aimed at ensuring that infrastructure investments deliver maximum economic, social and environmental value, because it takes into account all phases of a project's life cycle: the use phase, the initial build and, of course, the end of life. LCA ensures that the financial as well as environmental, greenhouse gas and other costs are factored into the infrastructure investment decisions. Of course, as the province moves forward to look for GHG reductions in the building sector, LCA tools are going to be critical.

Now I'd like to turn it over to Dave.

Mr. David Black: Thanks a lot, Steve.

Thank you for all the investments, like Steve said. The one thing we had hoped the government would move forward on is to signal in the budget that they're going to be working with industry to try and reduce the cost of industrial energy. We, along with many other organizations, from the Ontario Federation of Agriculture to the Canadian Manufacturers and Exporters, made presentations to this committee as part of your pre-budget consultations.

Industrial energy rates are high, and we look forward to working with this committee and the government over the next 12 months to try and find a way to reduce these rates in a fiscally sustainable way that helps Ontario achieve the principles of the long-term energy plan. Ontario's cement companies are doing their part to reduce energy usage and energy costs. For example, the St. Marys Cement plant in Bowmanville, Ontario, made investments over the last decade that have reduced their energy consumption by 10,800 megawatts—that's just what they've reduced and been able to save through those investments. We're looking forward to working with the committee to try and find a way to reduce the cost of industrial energy and keep Ontario's cement companies and Ontario business competitive.

The last issue I'd like to touch on is climate change. There are some very good reasons, environmental and economic, to tackle greenhouse gas emissions now and with some sense of urgency. We believe Ontario is on the right track with this plan to introduce a cap-and-trade system for greenhouse gas emissions. We're supportive of Premier Wynne and Minister Murray's efforts. Our environment and our economy simply need a price on carbon. A well-designed cap-and-trade system will lead to reduced emissions and a more economically competitive Ontario. Globally, the cement industry is recognized as an energy-intensive trade-exposed sector, so it's

important to design a pricing system that is protective of the competitive imbalances in terms of exports and imports from markets where there's no equivalent cap-and-trade system while ensuring a level playing field to ensure the ongoing competitiveness of the entire industry.

The Chair (Ms. Soo Wong): Can you wrap up, please?

Mr. David Black: Yes, very shortly.

If we don't ensure a level playing field, we may have what happened in BC when they implemented the carbon tax. Before the carbon tax, 6% of cement imported into the province was from foreign sources; after the carbon tax, that went up to over 40%, which led to leakage for those emissions to Asia and to the United States. That's why we need to get a balanced system in place.

One last point is, while carbon pricing is an important aspect of it, it's not the only solution to climate change. As the discussion paper that the government put out points out, buildings and transportation make up the lion's share of greenhouse gas emissions in the province. We'll need to think about new approaches to how we build, power and plan our communities.

The Chair (Ms. Soo Wong): Okay, I'm going to stop you there.

Mr. David Black: Okay.

The Chair (Ms. Soo Wong): I'm going to turn to Mr. McNaughton.

Mr. Monte McNaughton: Yes, just a few questions—thanks for your presentation. You were talking about industrial energy rates, and then you were talking a little bit further about the cap-and-trade system and the carbon tax in BC. What percentage of concrete in Ontario is foreign concrete?

Mr. Steve Morrissey: Very, very little concrete is now. We're lucky that Ontario has an industry that has historically exported up to 50% of the production in Ontario. That has been reduced, but there are very, very few imports that come into Ontario now.

Mr. Monte McNaughton: So is there a threat with energy costs continuing to rise that we'll see more foreign concrete in Ontario?

Mr. Steve Morrissey: There's a very real threat of that. The reality is that in jurisdictions around Ontario, there is enough excess capacity to manufacture cement that it could be imported from Quebec into Ontario or from Michigan into Ontario. That hasn't happened now for a number of reasons. But at some point, if the cost curve becomes too high, then our companies which own companies in other jurisdictions will simply allocate their production to the jurisdictions which have the lowest cost.

Mr. Monte McNaughton: What is the association's solution to the expensive energy cost in Ontario? What was the recommendation?

Mr. Steve Morrissey: We're part of a number of coalitions that look at this. Using some of the energy that has been exported from Ontario at a relatively high cost—we can run 24 hours a day or at nighttime or whatever. We can take energy whenever we get it. Reallocation of that import/export energy scenario is something which should be looked at for large industrial users.

1520

Mr. Monte McNaughton: Great. Thank you.

The Chair (Ms. Soo Wong): Ms. Fife?

Ms. Catherine Fife: Thank you very much. Just building on your pre-budget deputation that you gave to us, the president said that the impact of high electricity rates in Ontario will often mean that the "Ontario division of a multinational firm doesn't win the new product line or the new R&D investment." At that time the plan to privatize or sell off 60% of Hydro One was not on the table. Specifically around rates and around the unknown aspect of rates going forward, how will that impact future investment, R&D investment or actually securing product lines?

Mr. Steve Morrissey: That's a very good question, and I can use, maybe, the climate change file as a comparison. Business likes certainty. They need to know what they're going to pay in the medium term, short term and long term. If we now design a cap-and-trade system appropriately where we have certainty, then we reduce the fear from our headquarters in Geneva, Rome or wherever, so that they know what the price on carbon is going to be, what the impact is going to be here. It's the same thing with electricity. In the future, some of the impacts of what's been proposed are not certain for business. So providing that certainty is very important. When our bills go up 33% year over year, it's a very big problem.

The other issue is because some of the innovation and technology that's required to make us more energy efficient or to reduce GHGs or to use alternative fuel sources is also very electricity-intensive. With some of the solutions, we get the additional electricity costs on those, even though we're reducing other emissions.

Ms. Catherine Fife: Okay. You have raised the issue of life cycle cost assessment analysis many times.

Mr. Steve Morrissey: Yes.

Ms. Catherine Fife: This is just a progressive way to plan for infrastructure and the long-term costs: to build it right the first time. Do you want to comment on this?

Mr. Steve Morrissey: Yes. That's our motto: Build it right, build it once, build it to last. Sustainable construction—everybody wants to talk about sustainability today, and it's important. Essentially, every building that goes up now, its energy footprint is pretty much defined for the next 60 years. The government is promising to be progressive about looking at energy efficiency in buildings. We have to do this right away because we're putting up things now which are not as energy efficient as they should be. We're not using the tools that are out there to do that.

Ms. Catherine Fife: There was nothing in this budget around conservation as well. That's the smart investment, right: to incentivize the greening of future building so that you don't have to do it again down the line?

Mr. Steve Morrissey: That's right. That's something that is in the government's white paper on climate change; they're going to be looking for reductions in the building sector. It's critical. We're trying to squeeze reductions of GHGs, and we're getting to the point where there's not much juice left in what we're squeezing. So we have to look at—pardon the fruit reference—the low-hanging fruit again. What are we going to squeeze out of the building centre? You have to use the tools to do that.

The Chair (Ms. Soo Wong): Okay, Mr. Morrissey.

Ms. Catherine Fife: Very good. Thank you very much.

The Chair (Ms. Soo Wong): I need to turn to Mr. Potts.

Mr. Arthur Potts: Thank you, Mr. Black and Mr. Morrissey, for your presentation. Clearly, the cement industry is the foundational industry for infrastructure investments.

Interjection.

Mr. Arthur Potts: Pardon my little pun. What I'd like you to do is maybe comment on how important this $31.5-billion infrastructure is to the industry and also to job creation and the economic impact it will have in the province of Ontario.

Mr. Steve Morrissey: Thank you very much. The provincial, federal and municipal governments—governments are the largest purchasers of construction materials by far, and you know it from the Pan Am Games and whatever. So if we don't have a domestic supply that's available for any construction material, then you become price takers. We're looking at that in BC. When the carbon tax was raised, the number of imports went very high, and the price was going up. So it's costing government more. Maybe it's $100 billion of investment, but when the cost of all your imports is going up, it reduces the value of those. Supporting industry—concrete, cement, steel, other things—in Ontario helps maximize those investments.

Mr. Arthur Potts: Great. I was also very interested in your life cycle cost assessment tool analysis, particularly in the way that we've been moving forward with infrastructure investments with the AFP model, where we put those risks to the constructor rather than the traditional program, so they can take a look at the long-term costs if they were holding it and returning it back to the government.

Maybe you could talk about using the AFP model and who will embrace an assessment tool, because in the long run it allows them to get the job upfront, because they can build in those long-term cost projections, particularly around using more cement in roadway construction.

Mr. Steve Morrissey: Yes. That's the point of one of our asks. These have to be mandated tools. If they're voluntary or they're suggested, then builders aren't going to adopt them and developers aren't going to adopt them because they are looking to make as much money from a project as they can. We have to make sure that, whether it's looking at the GHG, the life cycle—the GHG assessment in the buildings—those are mandated as part of tendering documents.

Mr. Arthur Potts: But if they were responsible for the longer-term maintenance, then they would recognize and bring those models—

Mr. Steve Morrissey: That's right, because it impacts their bottom line.

Mr. Arthur Potts: Absolutely.

I'm also very familiar with some of the work St Marys has done—Martin Vroegh and the initiative. So much of the energy there is associated with gas, not electricity. They have made some changes, but they're moving in other directions, too, with biomass. Maybe you can comment again on how your industry is trying to reduce greenhouse gas emissions and hazardous emissions that may be coming from coal and cement.

Mr. Steve Morrissey: Absolutely. The federal government and the province both announced 2030 targets for greenhouse gas reductions, and there are 2050 targets. The technology that exists to get us from our targets today—this is not just the cement industry, but across all sectors. It's technology that's going to get us there.

In the case of St Marys's, they're taking the CO_2 that comes out of the stack process, algae are eating that CO_2 gas, and as a by-product they're getting bio-sludges and diesel fuel that can be created, plus the algae that in turn can be burned back in the kiln process. This is the kind of sustainability that we're working towards. There's only so much we can do about the fundamental chemistry of limestone, but we can do things, and we need government there to help support that technology. That's a great role for government to play.

The Chair (Ms. Soo Wong): Okay, Mr. Morrissey. Thank you, and thank you, Mr. Black, both of you, for being here today.

Mr. Arthur Potts: I have so much more to ask.

The Chair (Ms. Soo Wong): That's it. Three minutes, right? Three minutes per caucus.

Thank you very much, both of you, for being here today and for your presentation.

Before I adjourn the committee, just a couple of housekeeping things: We will not be starting until 10:15 tomorrow morning. I just wanted people to know we're not starting at 9 o'clock. The first witness will be here at 10:15.

Is that it, Mr. Clerk? That's it. All right. So I'm going to recess the committee until 10:15 tomorrow.

The committee adjourned at 1528.

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Présidente
Ms. Soo Wong (Scarborough–Agincourt L)

Vice-Chair / Vice-Président
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)

Mrs. Laura Albanese (York South–Weston / York-Sud–Weston L)
Mr. Yvan Baker (Etobicoke Centre / Etobicoke-Centre L)
Mr. Victor Fedeli (Nipissing PC)
Ms. Catherine Fife (Kitchener–Waterloo ND)
Ms. Ann Hoggarth (Barrie L)
Mr. Monte McNaughton (Lambton–Kent–Middlesex PC)
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)
Ms. Daiene Vernile (Kitchener Centre / Kitchener-Centre L)
Ms. Soo Wong (Scarborough–Agincourt L)

Substitutions / Membres remplaçants
Mr. Arthur Potts (Beaches–East York L)

Clerk / Greffier
Mr. Katch Koch

Staff / Personnel
Ms. Anne Marzalik, research officer,
Research Services

CONTENTS

Tuesday 19 May 2015

ISSN 1180-4386

Legislative Assembly of Ontario

First Session, 41st Parliament

Assemblée législative de l'Ontario

Première session, 41e législature

Official Report of Debates (Hansard)

Wednesday 20 May 2015

Journal des débats (Hansard)

Mercredi 20 mai 2015

Standing Committee on Finance and Economic Affairs

Building Ontario Up Act (Budget Measures), 2015

Comité permanent des finances et des affaires économiques

Loi de 2015 pour favoriser l'essor de l'Ontario (mesures budgétaires)

Chair: Soo Wong
Clerk: Katch Koch

Présidente : Soo Wong
Greffier : Katch Koch

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

http://www.ontla.on.ca/

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario

Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Wednesday 20 May 2015

Mercredi 20 mai 2015

The committee met at 1030 in room 151.

BUILDING ONTARIO UP ACT (BUDGET MEASURES), 2015

LOI DE 2015 POUR FAVORISER L'ESSOR DE L'ONTARIO (MESURES BUDGÉTAIRES)

Consideration of the following bill:

Bill 91, An Act to implement Budget measures and to enact and amend various Acts / Projet de loi 91, Loi visant à mettre en oeuvre les mesures budgétaires et à édicter et à modifier diverses lois.

The Chair (Ms. Soo Wong): Good morning. I'm just going to do some housekeeping first. By order of the House, we're gathered here today to resume consideration of Bill 91, An Act to implement Budget measures and to enact and amend various Acts. As committee members are aware, witnesses will be granted five minutes for their presentation, followed by nine minutes of questioning from the committee, three minutes per caucus. Do we have any questions before we begin?

PROVINCIAL BUILDING AND CONSTRUCTION TRADES COUNCIL OF ONTARIO

The Chair (Ms. Soo Wong): Seeing none, let me call the first witness forward, the Provincial Building and Construction Trades Council of Ontario. I have Mr. Patrick Dillon.

Good morning, sir. You're Mr. Dillon?

Mr. Patrick Dillon: Yes, I am. Good morning.

The Chair (Ms. Soo Wong): The Clerk will be circulating your presentation. Can you identify yourself and your position with the trades council, as well as your colleague, for the purpose of Hansard? You may begin any time.

Mr. Patrick Dillon: Thank you. I'm Patrick Dillon, business manager of the Provincial Building and Construction Trades Council of Ontario. With me is Igor Delov, our executive assistant.

Our organization represents 13 affiliated international unions that represent 150,000 construction workers in the province of Ontario. I would like to thank the committee for inviting us here today to comment on Bill 91, the Building Ontario Up Act, 2015.

This year's budget announcement was especially noteworthy for the construction industry, as it contained substantial investments in infrastructure. In fact, the $2.6-billion increase to infrastructure funding, bringing the Moving Ontario Forward plan in total to $31.5 billion, will create thousands of jobs.

Doing nothing and allowing our infrastructure to crumble away is not an option. To help fund these investments, the government has decided to accept the recommendations of the Premier's Advisory Council on Government Assets, which include the partial privatization of Hydro One. We believe that the loss of provincial government revenue from the phased sale of Hydro One will be more than offset by the return on infrastructure investments, considering the fact that every dollar invested in infrastructure yields between $1.14 and $1.78 in multiplier effects. Moreover, the proposed privatization is not completely unconditional: 40% of the company will still be owned by the people of Ontario, and the government will have effective veto power in how the company is run. For these reasons, our council is of the view that the controlled privatization of Hydro One presents an opportunity for Ontario's pressing infrastructure needs to be met.

We know that transport gridlock affects all of us. In the greater Toronto and Hamilton area, it is estimated to cost about $11 billion in lost productivity every year. We know that according to the Federation of Canadian Municipalities, there is a $123-billion infrastructure deficit nationally, 40% of which is accounted for here in Ontario. In our council's pre-budget submissions to this committee, we estimated that a $1-billion investment boost in infrastructure would result in the creation of 16,700 new jobs; thus, the $2.6-billion figure may create as many as 43,000 new jobs over the next 10 years, which in our view would be a very positive development for Ontario's economy.

However, we call on the government to ensure that infrastructure dollars are invested with a view to demonstrably strengthening Ontario's workforce, including communities that disproportionately face poverty challenges and are underrepresented. This can be done through leveraging infrastructure investment funds to guide the behaviour of contractors when they develop their human resource plans for bidding on work. One such way is to update and expand Ontario's fair wage policy. Such a policy would require bidders on publicly

procured construction work to pay their workers' wages in accordance with identifiable, best-documented prevailing wage rates in each of the particular trades in the different regions of the province. A fair wage policy should cover all entities: universities, schools, hospitals, roads and others—anyone in receipt of provincial dollars. Fundamentally, it's about fairness and equity. An updated and expanded fair wage policy would benefit unrepresented workers. This is not a union/non-union issue; wages paid to construction workers represented by a union are already paid as a result of their collective agreements, so the fair wage is really designed to help the unrepresented workers who have no voice. It also helps level the playing field among contractors by not allowing some of them to win contracts by simply underpaying their workers. A fair wage policy would lift people up and put more money in the pockets of workers who build and maintain the infrastructure we all depend on. It would also increase the profile of the construction trades as a career of first choice among at-risk youth, aboriginals, women and others.

Some critics may charge that a fair wage policy increases costs to the government. A comprehensive 2008 study done by Nooshin Mahalia from the Economic Policy Institute found that fair wage policies do not increase government contracting costs. In fact, they elevate worker skills, improve health and safety and enhance productivity.

The Chair (Ms. Soo Wong): Mr. Dillon, can you wrap up, please?

Mr. Patrick Dillon: In conclusion, our council is supportive of the government's infrastructure pledges, and we hope that members of the Legislature will work together to help grow the construction industry and build our province in the best interests of Ontarians.

The Chair (Ms. Soo Wong): Thank you very much. This round of questions will begin with Mr. Tabuns.

Mr. Peter Tabuns: Pat, good to see you this morning.

Mr. Patrick Dillon: Good to see you.

Mr. Peter Tabuns: Pat, you said there would be a higher rate of return from infrastructure projects that were financed by selling off Hydro One. Can you cite the study and the rate of return that you expect to see?

Mr. Patrick Dillon: Yes, we've got that.

Mr. Igor Delov: That was in your package. I think it's the first notation from The Economic Impact of Ontario's Infrastructure Investment Program, by the Conference Board of Canada. I think it was also mentioned by the minister in his speech when he delivered the budget. I think his number was $1.80 as well.

Mr. Peter Tabuns: Do you know what rate of return we get on our Hydro One investment now?

Mr. Patrick Dillon: It comes out at approximately $800 million a year.

Mr. Peter Tabuns: No, the per cent. We get about 8.7%.

Mr. Patrick Dillon: It could be. Are you asking a question that you know the answer to?

Mr. Peter Tabuns: I always try to ask a question I know the answer to. And you know what we pay for bonds in Ontario?

Mr. Patrick Dillon: Yes.

Mr. Peter Tabuns: So we're giving away an investment that returns 8.7% when we can borrow money at 3%. Douglas Peters, a former chief economist for the Toronto-Dominion Bank, said that means we're giving away or abandoning revenue of 338 million bucks a year. In a decade, that would be about the $4 billion that we are going to get from this sale to put into infrastructure. Do you see that as a good deal?

Mr. Patrick Dillon: Well, I guess you have to look at what is a good deal in the circumstances that you live in. I think the government, the Premier's council, dealt with these very issues that you're talking about, and they compared, first off, what the costs would be to Ontario and to Ontarians to do nothing with infrastructure. It's something that—

Mr. Peter Tabuns: No one would suggest that.

Mr. Patrick Dillon: No, and I realize that. No one would suggest that.

What we do need, though, is that if we have some alternative plan other than what the Premier's council has recommended and the government is recommending, you have to put that on the table. We don't know what that is. There were some plans talked about in the last provincial election that were refused by the electorate. Maybe they will change in time and that would be acceptable, but at this point in time, this is the best option that we see.

Mr. Peter Tabuns: And do you—

The Chair (Ms. Soo Wong): Okay, Mr. Dillon. I'm sorry, Peter. The three minutes are up. We're going to go, this round, to Ms. Albanese.

Mrs. Laura Albanese: Thank you for appearing before us this morning and for your presentation. I would like you to speak a little more about how investing in our province's infrastructure spurs job creation and also on the larger economic benefits that these investments will have on our economy.

Mr. Patrick Dillon: First off, in our presentation that we did to the committee in January—and it's in this report—it talked about, for every billion dollars—and these aren't figures that I've made up; these are figures that have been put together by economists. For every billion-dollar investment in infrastructure in Ontario, it creates approximately 16,700 jobs. Now, that may sound—and maybe most people around the table would think that's us really showing some bias for the construction industry, which we get paid for, by the way, but the 16,000-jobs breakdown—construction actually is fifth in the list of who benefits the most in those jobs. The jobs are spread across the economy.

1040

These figures—that's a billion dollars. If this is $2.6 billion or whatever, then we're looking at 43,000 to 45,000 jobs—high-paying jobs. Not high enough, by the way; I'd like to see that higher. We'll talk about that next spring at bargaining. But these are high-paying jobs that help build the economy in the province of Ontario.

Mrs. Laura Albanese: A recent Forum poll found that about 77% of Ontarians endorse our infrastructure plan. Why do you think it's so well received?

Mr. Patrick Dillon: Well, I don't really like commenting on polls a lot because, from time to time, I see polls that don't position us in the unions all that well, or the leadership.

I think people have come to realize that investment in infrastructure is in their best interests. If you can connect with the people, that this is what you're doing, you're building hospitals, you're building schools—we don't see people complaining anymore about the class sizes being too large. Where did that argument go, or where did the argument go of wait times at hospitals—

The Chair (Ms. Soo Wong): Mr. Dillon, I'm going to stop you there. I'm going to have to go to Mr. McNaughton.

Mr. Monte McNaughton: Thank you, Patrick and Igor, for presenting today and for being such a strong voice on behalf of the 400,000 people who work in Ontario's construction industry.

I wanted to ask the first question about the fair wage policy that you've been advocating for. When was the last time Ontario updated its fair wage policy?

Mr. Patrick Dillon: Nineteen ninety-five.

Mr. Monte McNaughton: Why do you think it hasn't been updated?

Mr. Patrick Dillon: Well, there was a number of years that—as a matter of fact, your party in 1998 pretty well undermined the fair wage policy.

Mr. Monte McNaughton: What about the last decade?

Mr. Patrick Dillon: In the last decade, we have never really pushed it. There have been other priorities for the building trades, but we think that at this time, when the government is spending more and more money on infrastructure, you should go back to the 1935 arguments of why the fair wage was brought in in the province of Ontario. As a matter of fact, it was brought in by the Hepburn government, and your party was quite critical of them, that it wasn't strong enough.

We think that now is the time that this needs to be updated. As we say in our brief, it's not about increasing the wage of the unionized construction industry; it happens to be our brothers and sisters out there who haven't formally become brothers and sisters yet.

Mr. Monte McNaughton: Secondly, I wanted to ask you—it was not part of Bill 91, and I thought maybe you would have mentioned it today, and that is prompt payment legislation. I just wondered what your opinion is on where the government's at with that.

Mr. Patrick Dillon: Well, we're strong supporters of the prompt payment, but we're also just as strong supporters of the lien act. Those two things have to be talked about almost in the same sentence because there are issues in the lien act that need to be protected if we're going to the prompt payment. We support the prompt payment, but it needs to include the ingredients from the lien act—

Mr. Monte McNaughton: Great.

Mr. Patrick Dillon: —that puts workers first on the scale when somebody is having bill problems or payment problems. Workers' wages and benefits come first.

Mr. Monte McNaughton: Thank you.

The Chair (Ms. Soo Wong): Thank you very much, Mr. Dillon. And thank you, Igor, for being here.

ENTERTAINMENT ONE

The Chair (Ms. Soo Wong): Next presenter: Entertainment One; Vanessa Steinmetz. Good morning.

I think the Clerk is coming around with the presentation.

Good morning, ladies.

Ms. Vanessa Steinmetz: Good morning.

The Chair (Ms. Soo Wong): As you heard, you have five minutes for your presentation, followed by three minutes of questions per caucus. This round of questions will be coming from the government side.

Can you please identify yourself for the purposes of Hansard? Thank you.

Ms. Vanessa Steinmetz: Good morning, Madam Chair and members of the committee. My name is Vanessa Steinmetz and I'm the vice-president of production financing of Entertainment One Television. EOne is a global entertainment company headquartered here in Toronto.

Today, I will speak to matters relating to the immediate rate reduction of the Ontario Production Services Tax Credit. Accompanying me is Kathy Avrich-Johnson, representing Ilana C. Frank Films. Kathy will speak to the consequences relating to the retroactivity in the OPSTC language clarification triggered by the appeal made by Rookie Blue Two Productions in Ontario Superior Court.

Thank you for hearing from us today.

I will take this opportunity to express our appreciation to the government for your support of the Ontario Film and Television Tax Credit within the Ontario budget tabled April 23. However, the reason for my appearance here today is to address the OPSTC.

While it is always the prerogative of the province to change its policies and amend its legislation, we believe those decisions should be made in a way that does not negatively impact current business in the province.

In this case, the proposed change would result in a financial loss to EOne estimated to be over $500,000.

The OPSTC is not only accessed by foreign producers. Ontario-based producers, including eOne, access the tax credit as well. We make very considered business decisions about where to shoot our productions from both a creative and financial perspective.

Once a location for production and post-production is chosen, the financing is locked and pre-production commences, it is all but impossible for a production to move to another location.

EOne has three productions directly impacted by the OPSTC implementation date, one of them significantly.

Rogue season 3 was a BC-based production in prior seasons. This season, the decision was made to move the production to Ontario on the basis of the OPSTC tax credit benefit. Rogue is a $50-million production that began shooting in January and finishes post-production in November. It has brought no less than 1,200 jobs to Ontarians: 200 full-time cast and crew; 1,000 daily positions. The proposed immediate reduction to the OPSTC, effective April 23, means that eOne will lose an estimated $500,000 on a production that's currently shooting.

EOne has a track record of investing in and producing long-running, successful Canadian series here in Ontario. We are very concerned about the long-lasting impact this will have on the industry. Once a jurisdiction is deemed unreliable, the trust is lost and producers, studios and other financial investors will seek more certain opportunities elsewhere. Banks will no longer have the assurance they require to advance against the tax credit refund.

We therefore respectfully request that the province address the effective date of the reduced OPSTC tax credit so that productions that were committed to the province prior to April 23 are grandfathered under the rate which was in existence at the time commitments from all parties were made.

The province made an offer at the 25% rate and we accepted the terms of that contract. The proposed budget reneges on those terms after the money has been spent.

Ontario has spent years building a world-class reliable film and television industry and it would be a shame to see that reputation tarnished for years to come.

I'll turn it over to Kathy.

Ms. Kathy Avrich–Johnson: Hi. My name is Kathy Avrich-Johnson. I'm representing the production companies that produce some of the most popular all-Canadian—and, please note, all-Ontario-based, -developed and -shot—television series: Rookie Blue; Saving Hope; and Being Erica.

In earlier seasons, we agreed to use the OPSTC as part of our financing, but at the time of audit by the Canada Revenue Agency it became clear there was a lack of clarity in the OPSTC language, which stated that eligible costs were those "from final script stage." We, the producer, said it meant "during" or "including," and the Canada Revenue Agency, which administers the OPSTC on behalf of Ontario's Ministry of Finance, interpreted the word "from" as meaning "after." This difference determines whether eligible costs include writing and other script-related costs. Only Ontario domestic productions are affected by the distinction; foreign productions are not using Ontario writers.

1050

To get clarification, we launched an appeal more than two years ago—incurred extensive legal expenses—to determine the definition of the word "from" that resulted this March in our interpretation prevailing in Ontario Superior Court. Very shortly afterward, the budget bill proposed to change the word "from" to "after" in the OPSTC legislation. Fine, we'll agree to that going forward, but this bill provision is retroactive to the date of the original legislation in 2009.

Perhaps what you might be unaware of is that Rookie Blue season 2, the series, was—with the agreement of the Canada Revenue Agency and, by extension, the Ministry of Finance—going to be the test case for three other shows whose appeals in this matter were being held in abeyance while we got this clarification. While we appreciate that Rookie Blue season 2 as the named party to the successful decision was carved out, or grandfathered, the other three cases being held in abeyance, and in the process of settling their terms, are being effectively and unfairly targeted by the retroactivity.

There is no floodgate of claims which would result from an allowance or carving out of these specific shows. There are only Ontario-operated, -owned and -produced productions. We have proposed in our written submissions some simple changes to the retroactivity provision that would rectify this unfairness. Thank you. We would be happy to take any questions.

The Chair (Ms. Soo Wong): Okay, we need to wrap this up because time is short. Mr. Milczyn?

Mr. Peter Z. Milczyn: Thank you for your presentation this morning. We really appreciate what an important part of our cultural landscape in Ontario your industry is, employing so many very talented people telling Canadian stories, as well as—sometimes I'm sure you insist on telling other people's stories, too.

What I wanted to ask you about is the structure of the tax credits going forward. My understanding is that these will still be among the highest, most competitive tax credit rates in North America that will still allow Ontario to be a very competitive location for attracting foreign productions but will continue to allow you to do domestic productions in Ontario.

I understand the issue of grandfathering. I have another question about that, but just on the tax credits, going forward, your comments on how effective they will continue to be.

Ms. Vanessa Steinmetz: I think that, in our opinion, there will be business lost. It is a competitive tax credit rate to a certain extent, at 21.5%, but there are other jurisdictions in North America that have higher rates: Louisiana and Georgia, for example, in the United States. BC has a competitive advantage. Their rate may be lower, and against labour only and not an all-spend, but they also have a competitive advantage in terms of geographical location—no winter—and access to LA-based talent. There are a number of factors to be considered in all of that. I think that what we're hearing is that there will be less business in Ontario.

The Chair (Ms. Soo Wong): Sorry, Vanessa, we have to go to Mr. McNaughton.

Mr. Monte McNaughton: Thank you very much, Vanessa and Kathy. It is something that we've heard at this committee. There was a presenter yesterday raising the same concerns. I know FilmOntario is going to be here later today, I'm assuming, to raise those same concerns. I, personally, think this sends a bad signal, really, throughout the world that Ontario is doing this in such an abrupt way.

I just wondered, from your experience: What was the consultative process like with the government on this?

Ms. Vanessa Steinmetz: We weren't consulted on either issue.

Mr. Monte McNaughton: To me—

Ms. Kathy Avrich-Johnson: We were—

Mr. Monte McNaughton: Sorry; go ahead, Kathy.

Ms. Kathy Avrich-Johnson: I was just going to say, to the narrower issue of our decision, we were, of course, in the midst of finalizing our settlement negotiations, so it was a real shock to find out that—

Mr. Monte McNaughton: Your ask is pretty simple: just to grandfather the existing tax credits until these productions are done. Correct?

Ms. Vanessa Steinmetz: Yes.

Ms. Kathy Avrich-Johnson: For those and in the other narrower wording, yes, to grandfather the ones that are already on appeal.

Mr. Monte McNaughton: What signal do you think this sends, that the government would act in this fashion?

Ms. Vanessa Steinmetz: I think the signal is, how do we go back to our banks that have financed this tax credit—for example, on Rogue—and say to them, "You advanced money against this tax credit and now that money is no longer going to be showing up in the same amount as we said it would"? I think, in terms of just a sheer break in a contract, that's the perception. On a larger scale, in my 20 years in this business I've never seen that happen in a jurisdiction and I think that it's just an added reason for people not to consider Ontario when they could consider somewhere else. We really don't want that to happen.

Mr. Monte McNaughton: Great. Thank you.

The Chair (Ms. Soo Wong): Thank you very much. Mr. Tabuns?

Mr. Peter Tabuns: I'd like to thank you as well for coming in this morning because I represent a riding that has an awful lot of people who work in the industry and that has major studios.

We've seen big problems in the past—SARS—that took Toronto and Ontario years to recover from. What sort of impact do you think this retroactive cancelling of funding is going to have on our industry for the next few years?

Ms. Vanessa Steinmetz: I can't really speak to numbers in that sense; maybe FilmOntario will have a better sense of the scope of the business in the province. We already have a show that could have been in Ontario that is going to be done in BC. I just think you'll see more of that. And I just think that going back to whether it's studios or domestic companies and trying to explain to investors, the thing is that people will think that this could happen again. And what's to stop it from happening again? It's just very hard to explain that to people who want to invest in this province.

Mr. Peter Tabuns: I imagine it is. You mentioned earlier that you've been in the business for a few decades and you've never seen—sorry; you started as teenagers.

Ms. Vanessa Steinmetz: I did.

Mr. Peter Tabuns: I understand. You've never seen another jurisdiction apply this kind of change retroactively before.

Ms. Vanessa Steinmetz: Right. It's the prerogative of the government to change the rate of the tax credit, should that be what needs to happen, for whatever reason. It really is the "effective immediately." Like I said, for our one production—and I'm sure there are others—we began shooting in January, so it's a done deal. Those things are all set in advance. That's $500,000 that just comes out of anyone's pocket.

Mr. Peter Tabuns: Right. Have you talked to bankers about this at this point and can you tell us what their response is?

Ms. Vanessa Steinmetz: We've seen some response in language in some term sheets that is saying that if there's a change in the budget, then the producer will be responsible for that money immediately, within 30 days.

Mr. Peter Tabuns: That's quite a burden.

Ms. Vanessa Steinmetz: Yes. And I've never seen that before either, so I just think that that shift and change in the trust in the system is what we're going to see.

Mr. Peter Tabuns: So, in fact, financing these projects is now being seen as more speculative and less certain because you can't predict whether or not the government is going to retroactively cut an agreed funding framework.

Ms. Vanessa Steinmetz: I'm very optimistic that that's not going to happen.

Mr. Peter Tabuns: I'm also hopeful that the light will be seen, but each day that goes by, I would imagine this causes greater difficulty for the industry.

Ms. Vanessa Steinmetz: It's causing immense difficulty, yes. As producers of domestic productions, Rookie Blue and Saving Hope, those two productions alone have invested $300 million in Ontario over the last five years. It's 74 episodes of Rookie Blue that we've done and 72 of Saving Hope. Those are long-running series. They've employed people for six years. We'd like to see that continue.

Mr. Peter Tabuns: Okay. Thank you very much.

The Chair (Ms. Soo Wong): Thank you very much, ladies, for being here.

ONTARIO WASTE MANAGEMENT ASSOCIATION

The Chair (Ms. Soo Wong): All right. The next presenter is the Ontario Waste Management Association: Peter Hargreave. I think the Clerk has a package here for us.

1100

Good morning. As you heard earlier, sir, you have five minutes for your presentation, followed by three minutes of questioning from each caucus. This round of questions will begin with the opposition party. You may begin any time. Please identify yourself for the purpose of Hansard.

Mr. Peter Hargreave: My name is Peter Hargreave. I'm director of policy and strategy for the Ontario Waste

Management Association. I really appreciate the opportunity to provide a submission today.

As a brief introduction, the Ontario Waste Management Association is the voice of the waste management sector in Ontario. We represent over 275 members across the province, including private sector companies, public sector municipalities and organizations involved in the waste management sector. Together, our members manage over 85% of the province's waste.

The sector directly contributes over $3 billion in revenue, over $300 million in capital expenditures and over 14,000 direct jobs into Ontario's economy. The average salary paid to those employed in the waste management sector is 22% above the provincial average.

I'd like to begin with what is missing from Ontario's approach to build up the province for a strong and prosperous future, and that is, how to achieve sustainable growth in a resource-efficient and environmentally sound way. The key to doing this is to make Ontario's economy more circular so that waste is reduced and made safe and what remains is reused and recycled to maintain, rebuild and regenerate capital in the province, whether that be natural, social or economic.

Ontario's current "take, make and dispose" linear economy approach results in massive waste. We generate over 12 million tonnes of waste annually, with over three quarters of it being disposed of. This is neither sustainable, given our finite supply of resources, nor is it in our economic interests.

As a recent Conference Board of Canada report identified, by moving to a more circular economy where Ontario increasingly reuses and recycles the resources it already has, it could support close to 13,000 new jobs in the province. The jobs calculation, which we deem to be conservative, would also be accompanied by a boost to Ontario's GDP of $1.5 billion.

Our ReThink Waste 2015 report released in March provides practical actions to move our economy towards a circular economic approach to improve resource efficiency, reduce our environmental footprint, increase productivity and drive local jobs and economic growth. The ideas within it are being employed around the world, as jurisdictions increasingly understand how important the move to a circular economy is to future prosperity.

It's important, as underlined by the drive by the European Commission and their plan to release a circular economy package later this year. They understand that the loss of all these materials impacts growth and competitiveness.

Without getting into each specific recommendation, the goals are to:

—drive waste avoidance and diversion by reflecting full costs of disposal options;

—incent value-based markets through tax exemptions, mandatory procurement requirements, energy rates, environmental standards and/or mandatory requirements;

—foster fair, open and competitive markets to drive innovation and enterprise;

—require direct accountability for driving environmental outcomes; and

—provide proper oversight and enforcement.

A first step is to reintroduce legislation to address the ongoing issues with Ontario's current producer responsibility programs and set a coordinated government effort to ensure greater waste reduction and reutilization.

By moving waste materials to resources, it is important to also ensure their management does not pose any potential for liabilities, like we have seen with the management of excess soil in the province.

Rigorous environmental standards with proper oversight are absolutely necessary. This is why the OWMA has been supportive of the Drummond report and its recommendation around the use of different forms of service delivery like delegated administrative authorities to help improve regulatory outcomes and strengthen enforcement.

Numerous Auditor General reports and Environmental Commissioner reports have pointed to deficiencies in the proper oversight of the waste management sector. Waste Diversion Ontario and the hazardous waste information network are a couple of examples of non-functioning systems that could be moved to an alternative delivery system. We would strongly recommend the committee revisit the DAA provisions in the 2012 budget bill and to make those effective as they were originally drafted.

Finally, the 2013 budget included a review of assessment methodologies applied to special-purpose business properties, including landfills.

The OWMA was supportive—

The Chair (Ms. Soo Wong): Mr. Hargreave, can you wrap up, please?

Mr. Peter Hargreave: —of this review and fully agrees change is necessary.

The sector has expended large amounts of money and resources in developing a solution. We think we've accomplished that and have gained the support of the Ontario Chamber of Commerce, private sector companies, the Regional Public Works Commissioners of Ontario, and Jack Carr—

The Chair (Ms. Soo Wong): Okay. I'm going to stop you here.

Mr. McNaughton, can you begin the questioning?

Mr. Monte McNaughton: Great. Well, thank you very much, Peter, for your presentation today.

I think you were moving in that direction, but I just wondered if you could update the committee on where the current government is on achieving your association's goals.

Mr. Peter Hargreave: Specifically on, again, I guess, this move to more of a circular economy, we understand that the ministry has been moving forward with consultations on a new Bill 91—not this Bill 91, but the previous Legislature's Bill 91.

Mr. Monte McNaughton: Yes.

Mr. Peter Hargreave: We think they are striking a reasonable balance in dealing with some of the concerns that were brought forward by all stakeholders. We're

positive, I think, about the direction, but cautious without seeing necessarily all the details on the table.

Mr. Monte McNaughton: Yes. In the last Parliament, the government was, I guess, gung-ho to push through Bill 91, and then we saw that they started dragging their feet. I was curious where they were on that, because here we are almost a year into the new Parliament and we haven't seen legislation brought forward.

I wondered if you could just touch on, for the committee's interest, where those 13,000 jobs would be created.

Mr. Peter Hargreave: The 13,000 new jobs would be created largely in the collection and processing of those materials, and then obviously the remanufacture of products within Ontario.

Mr. Monte McNaughton: A final question: Have you been reaching out to retailers in Ontario, specifically the Retail Council of Canada and the Retail Council of Ontario, to get their opinion? I know that back in 2010, speaking from a retailer standpoint, we were quite shocked when the eco tax came in and really upset customers in Ontario. So I'm curious if your association has been reaching out to retailers.

Mr. Peter Hargreave: There has certainly been a lot of conversation on this in the last while. I think there's a lot of consistency in the positions that are coming out. The current system is not sustainable and not working well, and so there's a need for the government to bring forward new legislation. The Waste Diversion Act simply does not work.

The Chair (Ms. Soo Wong): Okay. I'm turning to Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Chair. Peter, good to see you this morning.

Mr. Peter Hargreave: Thank you. Nice to see you.

Mr. Peter Tabuns: Getting into your presentation here, you see goals coming out of a new approach to waste management that would drive waste avoidance and diversion. What percentage of waste avoidance and diversion could we, commercially, reasonably expect to achieve here in Ontario?

Mr. Peter Hargreave: When the Conference Board of Canada looked at the diversion side, they looked at 60% as being reasonable. I've heard it was a goal set forward by the government back in 2003, if I'm not mistaken.

Mr. Peter Tabuns: Yes, 2003, 2004, around there.

Mr. Peter Hargreave: They saw it as a reasonable position.

We didn't specifically look at avoidance, but if you look at the amount of waste that we're creating and compare it to other jurisdictions, we're certainly creating too much waste right now. So in any system, whether it's a business system or whether it's an environmental system, you're always going to have the creation of waste that happens naturally. The issue is, how do you change that waste into a rich feedstock that feeds other parts of the system, economic or natural?

Mr. Peter Tabuns: That was your next point: "incent value-based markets." Can you flesh that out a bit?

Mr. Peter Hargreave: Yes. Often we talk about things like we need to impose a disposal ban to increase the amount of organics that are being diverted, as an example. It's great to do that, but if you don't have the markets for compost or other organic amendments, then you're creating other problems. One of the areas I think the government hasn't spent a lot of time on is looking at government procurement and how they can lead the way to helping to promote some of these markets. Procurements often focus too much on the short term: What is the short-term cost saving rather than the longer-term cost analysis, which would involve some of the economic side as well?

1110

Mr. Peter Tabuns: Which jurisdictions out there, either in North America or globally, are most successfully driving forward those kinds of policies?

Mr. Peter Hargreave: I think generally if you look at Europe, they're far ahead of us when it comes to driving change. I think what you're seeing here in Ontario is that at one point we were ahead, and now you're seeing many other jurisdictions, even within Canada and the US, surpassing where we are.

Mr. Peter Tabuns: And those other jurisdictions you've cited, are they getting in the range of 50% to 60% diversion or waste avoidance?

Mr. Peter Hargreave: Certainly in Europe you're seeing some of that. The difficulty in all of this, to be honest, Peter, is that everybody measures a little bit differently around what's happening and what's considered diversion. There's a lot of work under way by ourselves and certainly other organizations to try to provide a bit more of a consistent metric around how you measure that.

The Chair (Ms. Soo Wong): Mr. Hargreave, I'm going to stop you there. I'm going to go to Mr. Baker.

Mr. Yvan Baker: Thanks very much, Chair. Thanks very much for coming in today and sharing your thoughts with us. You spoke about a number of themes that are important: the issue of sustainability, the elimination of waste, protecting the environment, productivity and growing our economy—all important themes. Thank you for that.

The government has taken a number of steps that touch on these in various ways. Obviously, I'm not going to talk about them all, but anything from the cap-and-trade program; the Ontario Community Infrastructure Fund that will provide $100 million per year to help small, rural and northern communities build and repair critical infrastructure; and enhancing the Ontario Municipal Partnership Fund.

The Minister of the Environment and Climate Change just signalled that he plans to introduce new waste legislation. My question to you is: Are you supportive of that, and what would you like to see in it?

Mr. Peter Hargreave: Absolutely. We were very supportive of the bill that the government brought forward in the last Legislature, even though it had some major issues with it. We were very supportive of moving

the legislation forward. Again, what we've seen in broad brush strokes to date, I think we're very supportive of. Listen: Companies are desperate for change in this area. The current system has wreaked havoc on private sector companies, it has wreaked havoc on retailers and other stewards, and it has wreaked havoc with the municipalities in ensuring that they're properly funded.

So certainly I think there are some good signs. We've been supportive of a lot of the other efforts that the government is moving forward with, including cap-and-trade, but this is a file that governments of all stripes have really dropped the ball on. There's a need to finally move forward some change that's going to start to change this marketplace.

Mr. Yvan Baker: Okay, thank you. Could you elaborate a little bit more about the circular economy? I know it's the focus of the report that you provided us with, but specifically, how would this help increase efficiency and help Ontario businesses?

Mr. Peter Hargreave: Certainly, I guess I would consider it almost a market failure right now. We've got a system in place that, in a sense, encourages a company to waste materials and for those materials then to be sent directly to disposal.

The concept of a circular economy is trying to create flows so that materials are continually reused within the economy over and over again. It helps to stabilize issues around resource security. There are certain resource crunches that fluctuate prices for materials. One of the goals is to level that out and regenerate that capital within the economy.

The Chair (Ms. Soo Wong): Mr. Hargreave, I'm going to say thank you for your presentation and thank you for being here.

IATSE LOCAL 873

The Chair (Ms. Soo Wong): Our next presenter is IATSE Local 873. I think it's Mr. Monty Montgomerie, along with colleagues. Good morning; welcome.

Mr. Monty Montgomerie: Good morning. Thank you for having us and hearing us today.

The Chair (Ms. Soo Wong): As you've probably heard, you have five minutes for your presentation, followed by three minutes of questions from each caucus. This round, the questions will begin with Mr. Tabuns. You may begin any time. Please identify yourself for the purpose of Hansard. Thank you.

Mr. Monty Montgomerie: Thank you. My name is Monty Montgomerie. I'm the business agent for IATSE Local 873 in Toronto. This is our president, Wayne Goodchild.

We represent nearly 3,000 film and television workers, representing 14 different trade departments in the film and television industry, from hair and makeup to special effects, wardrobe, transportation, lighting and so on and so forth.

We're here today because Wayne and I, and our members, are deeply concerned about the cuts to the film and television tax credits that are proposed in the 2015 budget. We know that these cuts will make us less competitive in a very competitive global market for film and television. We know that there will be significant job losses with our failure to compete at the level that we've been competing at over the last number of years with our current tax credits. We know that we'll see major employers no longer budget Ontario due to the immediate implementation of these cuts. This would make Ontario the only jurisdiction in the world that we're aware of that has made cuts to film and television tax credits and implemented them immediately. The norm in the business is to allow lead time for individuals who have made commitments to work under those current tax credits to be able to be grandfathered, going forward.

We're also concerned about our brand and our reputation in Ontario as a stable partner in production for foreign and domestic producers. I have spent a lot of time over the years going to LA, and we tout the fact that we are the most stable place to make a film and television production. We have stable tax credits, we have a supportive government—which the Liberal government has been over the last 10 years for our industry, and that is a major reason why producers come to Ontario to make their movies.

Now, I just want to put a few things into perspective. Our members have enjoyed great success since 2011. Our members have earned over $520 million in gross wages alone. That's just our one union. We've enjoyed nearly 1.2 million days of work for our members during that period. That's an average daily wage of just over $450. Those are good-paying jobs, high-tax-paying jobs. These are career jobs and these are jobs where we see all of our employers pay into retirement and health plans. So these are jobs worth protecting. These are the jobs that we feel are in jeopardy, and we think that you should support further growth in this area.

We have concerns, because it doesn't take a mass exodus of a great number of our producers and our partners in production to have significant impacts. For instance, Guillermo del Toro, one of the top directors in the world, has been one of our best employers over the last three or four years. He did a show called Pacific Rim, he has a series called The Strain and he has done another feature called Crimson Peak. All of these projects totalled almost $62 million in gross wages for our members. That's just one individual who has made a commitment to shooting in Toronto, based on our tax credits. He has moved his family here. These are the types of relationships that are necessary in the film business to have these people come back again and again. That's over 130,000 man-days of work. That's just one employer, one employer that feels—

The Chair (Ms. Soo Wong): Mr. Montgomerie, can you wrap up so that there will be questions for you?

Mr. Monty Montgomerie: Okay, yes.

Further investments with our union: We're investing in training. We're investing in youth employment. We've grown 576 new members since 2011, of which 185 are

30 or younger. That's one third of our new members. Of that 185, 81 of them are under the age of 25, so we're a great industry in youth employment as well, and I think you should support—

The Chair (Ms. Soo Wong): Mr. Montgomerie, I'm going to stop you here. I'm going to turn to Mr. Tabuns to ask you the first set of questions.

Mr. Peter Tabuns: Wayne, Monty, thanks very much for coming this morning. You have 3,000 members who are currently working in the industry?

Mr. Monty Montgomerie: We have 2,477 members, and we regularly employ between 400 and 500 permittee non-members on any given day.

1120

Mr. Peter Tabuns: Okay. So there are 3,000 people associated with your bargaining unit.

Mr. Monty Montgomerie: Correct.

Mr. Peter Tabuns: What sort of losses do you expect if there is not a reversal of this grandfathering, if there isn't a reconsideration of these cuts to the funding we've put into film?

Mr. Monty Montgomerie: I think, conservatively, we could say 10%. That's kind of what the industry has estimated. That being said, it's very hard to establish what the losses could be.

Like I mentioned, if Mr. del Toro and Legendary Pictures or Universal or whoever he's working with decide when they budget these shows that these tax credits and the margins—I know that it took a great effort for him to bring Pacific Rim 2 to shoot here in Toronto. We were up against Atlanta and New Orleans and other places with some significant tax credits. We actually, from what I've been told, did not win out on the money side of things, and it was that relationship that we have with him that brought the show here. If we lose that type of employer, we're talking about, for my members, easily 10% in a year. We averaged $123 million in gross wages over the last four years or so; and the numbers indicate that he was responsible, over that three-year period, for nearly $62 million of that. It's hard to tell, but one or two significant employers and we could be looking at a 20% to 25% drop in our employment for our members, because we rely heavily on those employers.

Mr. Peter Tabuns: You talked about the hit that Ontario's reputation is going to take. For the last few years we've had a reputation as being a stable place where you could come, where commitments would be honoured. Have you ever seen a jurisdiction that would cut its funding to production in mid-production?

Mr. Monty Montgomerie: I can tell you that we've looked into it and we've seen no evidence that suggests that this is something other jurisdictions have done, primarily because people do their budgeting well in advance. They make commitments to shoot places well in advance and they budget against other places—we win, we lose—and they make a commitment to come here. That's—

The Chair (Ms. Soo Wong): Mr. Montgomerie, I'm going to stop you here. I'm going to turn to Mrs. Albanese.

Mrs. Laura Albanese: Thank you, Madam Chair.

Thank you for your presentation this morning. I want to start by saying that I believe that domestic content and local production is one of our key strengths here in our province. I know that your members work in all forms of live theatre, motion pictures and television shows. I have some friends who work in the industry, so I know how hard they do work. We really appreciate this sector growing here in our province.

I was glad when our government protected the Ontario film and TV credit, because I know that's very important to the industry. I know that there have been some changes at the federal level but I was glad to see that we decided not to go that same route.

I do understand your concerns that you're bringing forward about the transitional rules, the grandfathering. I wanted to ask you more about how Ontario's rates compare to the other jurisdictions, because from what we hear, even by going to 21.5% we would still be ahead of other jurisdictions. Yet we're hearing that that would be a challenge and that, as you said, business would go elsewhere. If you could elaborate on that, I would appreciate it.

Mr. Monty Montgomerie: Depending on the nature of the project, we compete very well against—we're kind of the middle of the pack when it comes to tax credits in North America. We have other jurisdictions that we lose out to on a regular basis because they may have actors and certain types of labour and above-the-line workers that they get tax credits on where we do not do similar things here. Sometimes we lose out by the slimmest of margins and sometimes we win out by the slimmest of margins. Any cut to our credits just puts us that much more in the negative when they're doing these comparisons. We lose a lot of big-budget features to Atlanta and New Orleans because they have a lot of talent and a lot of stars where they get this tax credit, which we don't do here. I'm not arguing that we should; I'm just saying that the cuts themselves are significant enough to make a difference.

The Chair (Ms. Soo Wong): Mr. Montgomerie, I'm going to stop you there. I'm sorry.

Mr. McNaughton?

Mr. Monte McNaughton: Great. Thank you, Monty and Wayne, for presenting today. We've heard from a number of people within the film industry so far. I know FilmOntario is coming, and there are others in the time ahead.

I wanted to ask: You mentioned Ontario's brand and reputation taking a major hit. I wonder if you could expand on that and what kind of signal this sends throughout the world that Ontario is changing its tax credit policy mid-course.

Mr. Wayne Goodchild: I can speak on that. I've been representing IATSE for almost 42 years in one capacity or another, mostly as president for many years. I can tell you that Ontario pioneered the tax credit system many years ago. We were one of the first jurisdictions to actually introduce this type of credit. It was emulated throughout the rest of North America over time.

I can tell you that I've been on promotional trips 20 years ago to Los Angeles, several times. The one thing that the producers that we deal with consider was the stability of the Ontario credit and the fact that they could always rely on that, and that there would not ever be any abrupt changes like there are sometimes in other jurisdictions. You've got to understand that these producers budget two years in advance of where they are going to send this huge project. To commit to a project to come to your city—without the understanding that they pretty well expect the fact that nothing will change during the life of that show—and the commitment comes to your city, and then they make a decision as to where they are going to shoot that film: That's something that, in Ontario, has been the hallmark of the Ontario tax credit program. For all the years that I've been involved in this industry, it's something we always promote. It's something we mention every time we've gone to Los Angeles to meet with the major motion picture producers and it's something that they know and say to us, "Yes, we know. That's what we love about Ontario."

I think this has been the first time in my history where something like this has occurred suddenly like that. Not only is the tax credit reduction itself a concern, but the fact that there was no notice given at all: That's something that Ontario has never done.

Frankly, it'll be hard to go down, in the future, and say to motion picture producers, "You can still rely on Ontario. Don't worry; it will always be there in some form." It would be very difficult to go ahead and say that from now on.

Mr. Monte McNaughton: Great. One other question, and I am sure FilmOntario will have this information if you don't, but can you talk a bit in terms of the overall contribution to the Ontario government, in terms of revenue, from this sector?

Mr. Monty Montgomerie: I think FilmOntario is best poised to answer that question, but I am aware that there have been studies that suggest that with the revenue and taxes, this is a revenue-positive business to the tune of about $83 million last year. That's the number that I am aware of. These are high-paying jobs; these are high-tax-yielding jobs.

We're a very unique industry, unlike any other. I run into that every day in every facet, whether it's labour relations or you name it. I truly believe, as does our industry, that we give back more than we ask for.

Mr. Monte McNaughton: For sure.

The Chair (Ms. Soo Wong): Thank you very much, gentlemen, for being here. Thank you for your presentation.

CINESPACE FILM STUDIOS

The Chair (Ms. Soo Wong): The next presenter is Cinespace Film Studios. I believe we have Jim Mirkopoulos. Mr. Mirkopoulos, do you have a presentation?

Mr. Jim Mirkopoulos: Yes, I do.

The Chair (Ms. Soo Wong): Maybe the Clerk can help you with your handouts.

You probably heard that you have five minutes for your presentation, followed by three minutes of questioning from each party. This round of questions will begin on the government side. You may start any time. When you begin, can you please identify yourself for the purpose of Hansard? Thank you.

1130

Mr. Jim Mirkopoulos: I'll just wait till everybody has the slide deck.

Thank you for the opportunity to speak to you today. My name is Jim Mirkopoulos; I'm vice-president of Cinespace Film Studios. I'll let you go through the slides organically, as you feel necessary. Sorry about the mix-up with the AV.

We own and operate three studio locations across the city of Toronto, totalling over one million square feet of space on over 42 acres of land. These facilities hosted almost 30% of Ontario's $1.29 billion in activity last year. Under the Cinespace banner, we also operate a large studio facility in Chicago, over one million square feet of studio space on over 50 acres of land. Currently, our Toronto facilities are hosting eight television or episodic projects and two feature films. Our Chicago facilities are hosting four of the most-watched prime-time TV series in the United States but no feature films. This recent trend towards TV series and episodic volumes is very important, and I want to touch on that again later.

By far the most exciting development for us in recent years is our Kipling studio campus, which has some calling south Etobicoke the Burbank of Ontario. With our mixed offering of functional stages, critical support space, multiple interior locations and acres of backlot, our Kipling studio will host seven concurrent projects in 2015, making it the busiest studio campus outside of the Los Angeles majors, with well over 2,000 well-paying jobs domiciled there.

At this point, we should be at around slide 5. If you glance quickly at the slides in the deck, you'll see that our Kipling studio campus has offered film producers coming to Ontario the ability to transform our large controlled backlot areas into everything from Moscow streets to Roman gladiator arenas. In terms of TV series, our large Titan backlot has played Kandahar air force base for the Canadian series Combat Hospital and currently is home to impressive medieval castle sets for the recently renewed TV series Reign. The massive scale of our Kipling campus has allowed our special effects stage to be utilized as a Pompeii street during the climactic moments of its destruction, and our large interior spaces are continually used, repurposed and reused as interesting and hard-to-find locations by both film and TV producers alike. The key result of our long history of service combined with our large multi-use campus has been the highest level of repeat business in Canada. Quite simply, the more money our clients save, the more money they put back on the screen and the higher their rate of renewal. This is a win-win for both producers and for the province of Ontario.

As indicated earlier, we've been around for 28 years, and in 2014, we hosted almost 30% of all Ontario's film

and TV activity. But we could not have achieved this level of success and longevity without attracting the US service business and international co-productions to Ontario. We have managed this growth in business volume with clients that have responded very positively to Ontario's talented crew base, our province's deep acting pool and, most importantly, the perception of Ontario by our Hollywood and international clientele as a stable, predictable tax jurisdiction in which to produce film and TV. I'd like to thank the government for its long-standing support of our industry, without which we simply wouldn't be here.

However, by suddenly reducing the film and tax credit in the recent budget, especially with an adverse impact on film and TV productions already under way, Ontario has effectively reversed this very important perception in the minds of our clientele. Up until recently, the tax credit has been envied and replicated globally as a tried and true model for attracting film and TV activity. However, the 3.5% reduction, along with its surprise immediate implementation, leaves our clients wondering if perhaps the provincial government will take another bite of the apple in next year's budget and that perhaps the provincial government is rethinking its long-standing support of our industry.

Already, Manitoba has taken advantage of Ontario's perceived instability, announcing shortly after the budget that their current tax credits will now be guaranteed till 2019. I would be remiss if I did not mention that a critical ingredient of our success in Chicago was the Illinois Legislature's 2008 implementation of a sunset clause which guarantees the film and TV tax credit at the 30% level until 2021.

The vast majority of business volumes in Ontario are episodic and TV projects. You'll see on that slide that from 2011 to 2013, domestic and foreign TV were the largest categories of production activity. Even if you were to take a snapshot of Ontario today, as reported on the OMDC website, 21 out of 28 projects, or 75%, are TV and episodic.

The nature of these projects is that they must reliably budget and forecast for multiple seasons, but they can no longer do so in an unpredictable tax environment. Already we're hearing from a number of clients that Toronto is no longer the clear front-runner. While traditionally last week was pilot pickup week, this year we had no new series pickups. This is a very disturbing flashing yellow light for our business.

While only weeks ago we were engaged in seeking studio expansion lands, right now we're in a holding pattern, and other infrastructure partners have told us that they are also in that holding pattern.

We want to highlight that we understand that all sectors in Ontario must willingly share in budget measures, but very few sectors in Ontario contribute what we do to the overall economy, especially back to provincial coffers.

We hope that these consultations will result in some tangible, decisive steps. Most importantly, what I want to leave you with is that while we understand you're talking about grandfathering with our industry group already, what we're asking for is for the province to issue a strong statement of support for our industry in the form of a guarantee of the tax credit structure for a specific amount of time. We think that will help turn the tables in terms of the perceived instability right now—

The Chair (Ms. Soo Wong): Okay, Mr. Mirkopoulos, we need to wrap up.

Mr. Jim Mirkopoulos: —that Ontario has globally. Thank you.

The Chair (Ms. Soo Wong): I'm going to Mr. Milczyn. Can you begin the questioning?

Mr. Peter Z. Milczyn: Thank you. Hi, Jim. Thanks for coming to Queen's Park today.

You took a vacant smokestack site that employed 400 people and now you employ up to five times as many people on that.

Mr. Jim Mirkopoulos: Correct.

Mr. Peter Z. Milczyn: So you're showing the way: how industry changes, businesses change. There's evolution, and that evolution can be positive.

We heard you on the issue of grandfathering and on the issue of issuing some kind of a longer-term guarantee. But could you speak to how, on a go-forward basis, the proposed level of tax credits going forward would continue to make Ontario a very competitive and attractive location for TV and film production?

Mr. Jim Mirkopoulos: At the current level?

Mr. Peter Z. Milczyn: Well, the level that's proposed in the budget, setting aside the retroactivity—

Mr. Jim Mirkopoulos: Okay. So speaking to one of the comments earlier, there was the perception that Ontario is still the leader in Canada. I believe FilmOntario will speak to this directly, but I believe Quebec is slightly above us and then Ontario is in second place. As I highlighted in the presentation, Ontario is, I think, the leader in Canada in terms of the other assets that it has: the deep crew base, the locations, the infrastructure, the people.

Going forward, 21.5% would continue to be competitive for us. However, in the absence of a guarantee for a period of time, like other jurisdictions, I think it's very shaky ground for our industry to stand on. Because it's a $1.3-billion industry that employs tens of thousands of people, what we would ask for logically is some kind of guarantee, whether it's in terms of the term of this majority government or any kind of guarantee that could be given to help persuade our clients that Ontario does in fact support the industry and that for a period of time they will reasonably guarantee this tax credit level or whatever tax credit level they think is financially feasible for the province.

Mr. Peter Z. Milczyn: I know a couple of years ago, California announced a fairly rich tax credit to try to recapture business, and at the time we heard there would be a huge impact on Toronto and Ontario, but we managed to hold our own and continue to grow the business. So it's not just the tax credit; it's all the other attributes, all the infrastructure, that's very important.

Mr. Jim Mirkopoulos: Sure, and California was trying to recapture some of the leakage. There's just too much volume for any one jurisdiction to handle, so I was never overly concerned about the California tax credit increase. What I remain concerned about to this day is this government's continuing support in terms of both financial feasibility and stability. I think we can still continue to be very competitive globally, but we need that stability perception back in the minds of our clientele.

The Chair (Ms. Soo Wong): Mr. Mirkopoulos, I'm going to stop you there and go to Mr. McNaughton.

Mr. Monte McNaughton: Thank you very much for your presentation. I think that was a very realistic ask of the government, to set an end date, I guess similar to what Manitoba has.

Do you recall if, back when this tax credit was formed, there was ever a guarantee, an end date or a guaranteed date that this would be honoured, or did Ontario ever have that?

Mr. Jim Mirkopoulos: I don't believe Ontario ever had such a guarantee, but Ontario historically has only gone up incrementally. We haven't seen a decrease in the lifespan of our industry—I don't think I'd be incorrect in stating that. So no, I don't think there has been, but as this industry gets globally more competitive going forward, I think it is a very reasonable ask on behalf of a $1.3-billion industry.

Again, the auto sector—you guys know better than we do that there are other sectors in the economy that are just less dependable, but content creation really is a major future-proof industry, and Ontario is great at it. We just want to make it reliably great at it.

Mr. Monte McNaughton: And I think it's important from an overall diversification standpoint for Ontario's economy. I mean, we lost hundreds of thousands of manufacturing jobs. It's great to see another industry taking off, and I think it's important from the government's perspective to ensure that that industry continues here in Ontario.

1140

I wondered if you could talk a bit more about the signal that this is sending to other jurisdictions about what Ontario is doing.

Mr. Jim Mirkopoulos: Without wanting to make a dramatic statement, it does project that we're standing on more shaky ground.

Again, the reason I highlighted the boom of episodic projects is because they budget multiple years in advance. We're very fortunate, as facility operators, to be able to have high rates of success. One of the producers in this room, actually, is a producer of two TV series with us. One is in season 4; one is in season 3. We have excellent repeat business, but this could change as a result of not being able to project budgets into the future.

Mr. Monte McNaughton: Perfect. Thank you.

The Chair (Ms. Soo Wong): Thank you very much. Mr. Tabuns?

Mr. Peter Tabuns: Thanks, Mr. Mirkopoulos.

Your studio has been in my riding for a long time. You've gone through the ups and you've gone through the downs. When we've gone through the down periods, what sort of effort has it taken to rebuild investment in Ontario? Because it has to be expensive to rebuild your brand. What have you seen in the past?

Mr. Jim Mirkopoulos: Ontario as a brand has gone through ups and downs. There have been labour stoppages; we went through SARS; we went through the currency fluctuations, where our currency went to $1.12 or $1.13 for a few months, that devastated us. But one thing that was always consistent was our tax credit. That is the one element that we depended on, and we really need to be able to depend on that again in order to continue to draw that business back.

Mr. Peter Tabuns: I imagine that there are jurisdictions out there that are seen as unstable, shaky. They get occasional business, but I imagine the nature of that business is very different from what we're seeing here.

Mr. Jim Mirkopoulos: Ontario has also had the claim to fame of being a financially and economically sustainable tax credit. We don't participate in economic leakage practices like paying for 30% or 40% of a director's salary or an actor's salary, because that money leaves the province, leaks out of the province. We've always rewarded producers for spending locally, and that's always been economically sustainable.

Ontario is different in that regard—that we've always been viewed as economically sustainable. Atlanta is not; New Orleans is not. The state of Louisiana had a major disaster with Katrina, so there was some reason why they were engaging in economically unsustainable tax credits. But Ontario has always been sustainable.

One of the deputants before me talked about it being a net positive to the industry. We strongly believe that it is. Econometric studies can go back and forth debating that, but we see on our campus the economic spillover and the major economic impact, and it's jobs. It's all about jobs and being able, then, to pay your mortgage and go out to a restaurant. That seeps into every sector of the industry.

Mr. Peter Tabuns: So when you're seen as unstable, you have to put out more money to get someone to produce in your jurisdiction.

Mr. Jim Mirkopoulos: I would say that, to be honest, stability is more important than more money. Being in the game with a competitive tax credit is number 1, and then being stable, in my mind, would be number 2.

We've been in this business 28 years. As you've said—

Mr. Peter Tabuns: Oh, yes.

Mr. Jim Mirkopoulos: —we've been through everything, but this one will be very hard to come back from if we don't get a statement of stability or some kind of duration for the tax credit as it stands right now.

Mr. Peter Tabuns: Okay, thank you very much.

The Chair (Ms. Soo Wong): Thank you very much, Mr. Mirkopoulos.

FILMONTARIO

The Chair (Ms. Soo Wong): The next presenter is FilmOntario. I believe we have a delegation of people coming forward.

Good morning. Welcome. I know there are four of you, so I'm going to get you to identify yourselves for the purposes of Hansard. If there are any handouts, the Clerk is going to come around to pick them up from you.

As you heard, you have five minutes for your presentation, followed by three minutes of questioning. This round of questions will begin with the official opposition party.

You can begin by identifying yourselves for Hansard. Thank you.

Mr. Scott Garvie: Scott Garvie, from Shaftesbury Films in Toronto and FilmOntario.

Ms. Sarah Ker-Hornell: Sarah Ker-Hornell, the CEO of the business consortium FilmOntario.

Mr. John Weber: John Weber, with Take 5 Productions and a board member of FilmOntario.

Mr. Monty Montgomerie: Monty Montgomerie, IATSE 873 business agent and board member of FilmOntario.

Ms. Sarah Ker-Hornell: Thank you very much. The guys are going to handle most of the Q&A, so I'm going to jump in with our presentation.

For those of you who don't know, FilmOntario is a non-partisan, private sector consortium of over 30,000 members, companies, producers, unions and guilds, financial services and organizations within the Ontario screen-based sector.

We work with all parties and levels of government to ensure the health and international competitiveness of Ontario's screen-based industry, and for the past 12 years have had an active marketing partnership with the province and the city.

Ontario has been regarded as open for business to Ontario and non-Ontario investors. All three parties in Ontario—the Liberal, the PC and NDP parties—have recognized the value of stability in order to build an Ontario, and indeed North American, success story. Thanks to this commitment, we are the number three jurisdiction in North America, behind LA and New York respectively. The city of Toronto refers to its primary industries as food, finance, and film and television.

Thanks to the partnership of industry investment and policy stability, Ontario has had significant, steady growth in industry volumes and employment since 2009, especially youth employment, and attraction of private sector capital, reflected in the expansion of physical infrastructure such as shooting stages, studios, visual effects and animation studios, and the breadth and depth of equipment facilities and digital infrastructure.

As you know, the province's 2015 budget delivered a welcome delinking of our OFTTC, which is for domestic producers only, tax credit—mentioned by MPP Albanese—and for this we thank you.

The budget also delivered some tough medicine to many sectors, including ours. While we understand the government's responsibility to meet fiscal objectives in a balanced fashion, the approach taken in the budget to implement proposed rate cuts to the OPSTC and OCASE tax credits, effective immediately, threatens to destabilize the entire film and TV business in Ontario.

I just want to make a clarification here. The OPSTC is not a service tax credit only. Over a third of the users of that tax credit are domestic Ontario producers. It's the only one in the country of this nature, and it's easy for people to think, "Oh, it's just about Hollywood." It's not.

The rate changes will have a negative impact on the growth of industry volumes and jobs, especially with respect to the highly competitive foreign service work. We are no longer as competitive as Quebec and we are behind several other provinces in Canada now.

While some industry stakeholders appearing before you may speak to some of the other changes as well as the need to grandfather, after retaining the pre-budget rates, the number one priority according to our stakeholders is to grandfather any OPSTC and OCASE projects that were sufficiently advanced on budget day, April 23, 2015, and untethering OCASE. Immediate implementation means hundreds of lost jobs and business impacts now, as well as shrinking volumes due to reputational damage that could result in job losses for years to come. You've heard about that from some of our stakeholders already, and I'm sure we'll hear more going forward. Immediate losses range from a few hundred thousand to several million dollars per project, which is not insignificant. Jobs are being lost, and some companies will be forced to close this year or shift significant amounts of business from this jurisdiction.

The long-term damage is that the lack of a reasonable implementation period to manage the impact of these changes shakes the industry's trust. Overnight, we have undone hard-won industry trust built up over years that Ontario is one of the most predictable and stable jurisdictions for producing film and television in the world. Production and post-production budgeting and planning decisions are made 18 to 24 months in advance of a project going to camera. It is for this reason that other industry jurisdictions around the world, when implementing cuts to tax credits—and this is part of what Monty had asked—have grandfathered productions already committed to the jurisdiction.

I'm going to let John speak to his company with answering questions, and Scott the same thing.

Without grandfathering, many Ontario visual effects and animation, Ontario domestic co-productions and Ontario co-ventures, and Ontario small and medium-sized producers will be forced to divert their resources to other jurisdictions, lay off Ontario staff as necessary, and, in some cases, close. The longer we wait to grandfather these cuts, the worse it will get, and the destabilization could last for years. We urge you to put forward an amendment to grandfather any OPSTC and OCASE projects that were sufficiently advanced by budget day, untether OCASE, and recommend that the government make the accompanying pronouncements or statements of intent as soon as possible.

The Chair (Ms. Soo Wong): Okay. So I'm going to begin the questions with Mr. McNaughton.

Mr. Monte McNaughton: Great. Well, thank you, Scott, Sarah, John and Monty for coming today. Sarah,

and the rest of you, I wonder if you could just talk a bit more, so we get it on the record, about the contributions that the industry makes to Ontario's overall economy—you talk in here, I think, about a $2.5-billion contribution—but secondly, to the net positive revenues for the government of Ontario.

1150

Ms. Sarah Ker-Hornell: Sure: $2.5 billion, film, television and interactive, which is our bailiwick at FilmOntario—it's a nomenclature, film for screen-based content. That is the direct spend in the province of Ontario on productions of this content.

In terms of the tax credit conversation, we do regular, updated econometric analyses. We use both domestic and British economists to do this work. Last year, 2014, the numbers say that the amount spent on film and television tax credits was not only returned back, but there was a surplus of almost $80 million, which of course we feel would be useful to pay down that deficit.

Mr. Scott Garvie: Can I just do a follow-up on that?

Mr. Monte McNaughton: Sure.

Mr. Scott Garvie: Sarah mentioned before that there's a very fragile infrastructure in Ontario, domestic and service. About 65% of the volume in Ontario is done by domestic producers like Shaftesbury Films, and about 35% to 40% from the foreign. All the guilds are working; all the services are working; all the infrastructure is working. People rely on that balance to ensure the stability of the company.

Mr. Monte McNaughton: I wonder if you could, because I don't think another presenter has talked about it—where was the industry before the tax credit came into effect in Ontario?

Mr. Scott Garvie: Well, prior to the tax credit, there was the film—

Ms. Sarah Ker-Hornell: It was a fund.

Mr. John Weber: Limited tax partnership—tax shelters.

Mr. Scott Garvie: —which netted about 3% to 4% to a budget, as opposed to the take that we get on a labour-based spend.

Mr. Monte McNaughton: But in terms of employment in Ontario and the overall impact—

Ms. Sarah Ker-Hornell: Actually, we've got a little picture for you in your package. This shows 20 years of activity, in volume, since 1993 to 2013. This chart is created by the OMDC, the agency of the crown, and their stats based on tax credit activity.

The tax credits were put in place by the Ontario government. It was led by the PC team at the time, and it was to directly go to improving job opportunities. We already had the creative and expertise critical mass, thanks to the CBC work and some of the other production companies that had started in Ontario—this is pre-digital. But we realized we had to compete internationally, and in order to do that, we had to build up a workforce. Manitoba has much higher tax credits, but their workforce is only two or three crews deep, whereas we have 50 crews deep here, so we can handle scale and capacity and there's no rumour that, "Oh, Ontario is full; we'll have to bid somewhere else." So it created the opportunity to scale.

The Chair (Ms. Soo Wong): Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Sarah and participants. We've talked before about this. Every day that goes by where this uncertainty continues, it undermines our reputation. From what I've heard this morning, our reputation as a stable jurisdiction is just about as important as any other factor that's on the table, and perhaps more important. What does Ontario need to do today to stop that loss?

Mr. John Weber: I think the absolute immediate remedy is, we need to give certainty to people who have made a commitment to Ontario that the basis on which they made that commitment to Ontario will be honoured. We're talking about grandfathering of the credits. That's the number one priority for us. The perception of, "We came to Ontario and there was a bait and switch. They sold us a bill of goods"—I think that type of perception that is present with financiers internationally and partners needs to be dealt with immediately.

Jim was talking about a commitment from government for the longer term: "We are in support of this industry, and we're going to help you build and grow this industry at a reasonable level." I think that commitment needs to be made. But immediately—I think there are two issues that Sarah brought up in our presentation, and that is the grandfathering and trying to continue to allow the visual effects community to grow as well and not be encumbered by administration, by uncoupling the OCASE and the OPSTC credit. We still don't completely understand the intent of that budget measure either—

Mr. Peter Tabuns: I've been confused by it as well, to tell you the truth.

So if the Minister of Finance were to make a statement today saying that he'll be introducing an amendment to this bill when it comes to clause-by-clause that would introduce the grandfathering and address the visual effects problem, that in fact would give the industry a lot of assurance, would it not?

Mr. John Weber: Yes.

Mr. Scott Garvie: But then the competitive nature of the business—that would solve the immediate issue with users who have come and had possible losses, so it's business as usual. Going forward, there are Ontario companies like ours that will continue to work in Ontario. There are other people who will come into Ontario but they'll do the pricing, and with the rate changes it will be a question of the metrics they need to come to Ontario.

Mr. Peter Tabuns: Right. I understand that even with the cuts that have been put in place, the government is expecting a substantial reduction in business as a way of making sure it meets its spending targets. Is that a correct assumption?

Ms. Sarah Ker-Hornell: Actually, we were told that finance officials did not believe there would be a drop in volumes, despite the rate cut.

Mr. John Weber: I think they think that the weakening of the American dollar will offset that loss in pro-

duction and therefore that will kind of keep it at a level of—I think they even said "growth." We don't support that theory.

Mr. Scott Garvie: There are a lot of environmental things that are happening with CRTC—less talk-TV, the mergers of Canadian companies. I think there's going to be a natural reduction of volumes because of the environment, not only the dollar and the tax credit.

The Chair (Ms. Soo Wong): I'm going to need to stop you there, sir. Mr. Potts?

Mr. Peter Tabuns: Thank you.

Mr. Arthur Potts: Yes, thank you, Chair. Thank you, Sarah and all, for coming here today. As you know, I've been involved in the film and television industry, going back over 20 years. I've sat on the FLIC committee at the city of Toronto and I worked with a councillor down there. My offices were at Showline Studios—Peter Lukas and his big hat. And Sarah and I have worked together over the years. Congratulations; you're very well represented at these hearings. I think the message has been very clearly heard, particularly on the grandfathering issues and the reputational stake.

I want to move a bit onto the ongoing interaction that FilmOntario does have with our government and what the consultations have been leading up to this phase, particularly around the equity granting issues and how we do continue to respond positively to concerns in the industry.

Ms. Sarah Ker-Hornell: We all worked very hard together at the front end of this year when the federal government, in December, made a tax change. They put through a big fat bill with a lot of things in it. One of them was a tax credit clarification on the federal tax credits, which they've been acting on for over a decade anyway. We all noted that; we didn't worry about it. But what we discovered was that there was a link in our Ontario legislative language to that federal tax law—completely unintended, certainly not planned by this government or anyone. It was creating, in effect, a retroactive financially punitive piece.

The government was receptive to us right away and we went in on a series of meetings. We are very evidence-based at FilmOntario. We don't just say that this is right or this is wrong. We spent a lot of time with lawyers and accountants so that all of our members who are willing to show their financial information on their specific shows that would be impacted could do so. All of the labour unions together, even the competing labour unions, worked together on that. I would say that we bring forward evidence and the government has been receptive on this piece.

Mr. Arthur Potts: I didn't want to leave the impression that we haven't been in ongoing discussions, because that's been some of the effect of the membership who haven't really seen that ongoing interaction.

This is the first time in my riding that my phones have lit up on an issue. It's obviously extremely important in Beaches–East York and my neighbouring Toronto–Danforth.

One of the issues that's coming up—and I met with Joe Fraser and others last week—is this issue of the tethering between OCASE and these credits. Could you maybe explain, particularly in the effects post-production, how that might have a very, very detrimental impact?

Ms. Sarah Ker-Hornell: To be honest with you, without fully understanding why they've chosen to tether it, it's kind of hard to see what you would try to mitigate or how you would solve the problem differently. We have done some extensive stakeholder consultation on that, obviously, with post-production. If a post house is working with a company such as Scott's or John's, it's not a hassle because they're each filing for each of the tax credits; I'm sorry to get granular, but the question was asked.

Mr. Arthur Potts: It is tempting.

Ms. Sarah Ker-Hornell: But if it's post only—and I would say anywhere from 30% to 50% of any visual effects house's volume is entirely for customers in another jurisdiction; that's been part of our strength here in Ontario—for them it's an administrative hassle. The OPSTC tethering—the OPSTC is for a project and OCASE is an annual corporate filing by the visual effects company, so they don't link up at the same time.

Mr. Arthur Potts: Could we delay implementing tethering without having a budgetary impact, so that we have more chance for stakeholder consultations?

Ms. Sarah Ker-Hornell: I think the stakeholders would welcome more opportunity to work through it with government and perhaps get at the reasoning behind it, because if there is financial reasoning behind it, perhaps it could be tackled.

The Chair (Ms. Soo Wong): Sarah, thank you very much. Thank you Scott, Sarah, Monty and John for being here today.

We're going to ask the staff and everybody to vacate because we have a brief in-camera meeting with the committee.

The committee continued in closed session at 1200 and resumed at 1316.

The Chair (Ms. Soo Wong): Good afternoon. I'm going to call this meeting back to order.

SOCIAL PLANNING COUNCIL OF KITCHENER-WATERLOO

The Chair (Ms. Soo Wong): Our first witness this afternoon is coming to us by conference call from Kitchener. Ms. Aleksandra Petrovic of the Social Planning Council of Kitchener-Waterloo is on the line. Can you hear us, Aleksandra?

Ms. Trudy Beaulne: Oh, it's Trudy Beaulne, and I can hear you.

The Chair (Ms. Soo Wong): Okay: Trudy Beaulne. Sorry. We just had Aleksandra's name on this sheet.

My name is Soo Wong. I'm the Chair of the committee. I will introduce all the members at the table so that you know who they are.

From the government side are Laura Albanese, Yvan Baker, Dr. Shafiq Qaadri, Peter Milczyn and Arthur Potts; from the official opposition party, Gila Martow and Monte McNaughton; and from the third party is Peter Tabuns.

As you probably know from the Clerk, you have five minutes for your presentation, followed by three minutes of questions from each caucus. You may begin any time. Please begin by introducing yourself for the purpose of Hansard.

Ms. Trudy Beaulne: Okay. My name is Trudy Beaulne. I'm the executive director of the Social Planning Council of Kitchener-Waterloo. Thank you for the opportunity to speak to the committee. I'm speaking to the omnibus bill—we're calling it an omnibus bill, Bill 91—to change various acts that are related to the budget of 2015.

The first comment I want to make is about omnibus bills such as this. We really think they are bad process. They are very difficult for people to understand and give appropriate input to, so we really think it's much better to have more time for review and to give input and comment.

I want to speak specifically to the proposed amendments to the Poverty Reduction Act, and that is schedule 36.

The main points I want to make are that we support the amendment and the intention to provide grants to communities and community organizations to support poverty reduction activity. We want to emphasize, though, that we would want those grants to be allocated to meet the broader vision of the Poverty Reduction Act to support strong and healthy communities, to make sure people can contribute and participate in both the economy and society, where non-profits provide opportunities for people most impacted to be involved in the design and implementation of the Poverty Reduction Strategy and other policy related to how our communities are organized and how programs and services are provided. This would mean that we would want to be sure this is strengthened to recognize those portions of the vision so the grants would be able to focus on creating community and system change and not just on individual change, as the current grant program is. We want there to be more of an opportunity to support people to participate in creating rules and regulations and in giving feedback overall, rather than just an emphasis on the collection of people in or not in poverty.

At the same time, we see that there has been a lack of follow-up to social assistance reform. There is Bill 27 sort of sitting in limbo after the first reading. We also see that there are changes happening to the system, but we see those as happening piecemeal, and it further complicates people's understanding of what's happening—and also social assistance delivery. We would prefer that there would be a bill on the table for discussion and review as opposed to having changes happening when people aren't really given an opportunity to give input.

The last piece, just related to that point, is the Social Assistance Programs Consolidation Act in particular. The debate has been stopped, but we've also introduced in the current strategy, the Poverty Reduction Strategy, ending homelessness before we've actually dealt directly with the social assistance system to ensure that that is providing the kind of safety net that people in the most desperate situations need.

The Chair (Ms. Soo Wong): Okay. Am I correct that you are finished your presentation, then?

Ms. Trudy Beaulne: I am.

The Chair (Ms. Soo Wong): I'm turning to Mr. Tabuns. You may begin your questions.

Mr. Peter Tabuns: Thank you for joining us this afternoon in this committee. One of the concerns that you have, obviously, is eliminating poverty. Can you talk to us about the impact that higher hydro bills will have on the people that you are representing, that you are advocating for?

Ms. Trudy Beaulne: Anyone who is paying hydro directly or indirectly through rent is going to be impacted by anything that increases costs.

Mr. Peter Tabuns: Are you finding people are having difficulty even now keeping up with their electricity and rental costs?

Ms. Trudy Beaulne: They are. We're not sure how many people are going into arrears, but I do know that there has been a lot of concern. That, coupled with some problems with billing, has created real worry with people because in order to cover really high hydro bills, they're not spending dollars on something else like food.

Mr. Peter Tabuns: Do you have a sense of what impact the higher hydro rates that would come from the privatization of Hydro One would have on small and medium-sized businesses in your community?

Ms. Trudy Beaulne: I'm not sure, because we certainly haven't done that analysis and looked at the projection. We are in Kitchener and Kitchener has its own hydro, so in some ways there is a bit of protection. But generally, amongst my peers of social service providers and social agencies, there is a general concern about privatizing or selling off even part of Hydro One because the experience in Kitchener is that it's been an excellent asset for the municipality and has provided a lot of income that has helped buffer all sorts of cost demands and shortfalls at times. It has been an excellent asset for this community. I would imagine it's the same thing for the province.

Mr. Peter Tabuns: Would you say that people in your community are aware that this bill will remove many barriers to the privatization of local utilities like the one you have there in Kitchener?

Ms. Trudy Beaulne: I would say no. Certainly, it's not been talked about.

Mr. Peter Tabuns: Okay. Thank you.

The Chair (Ms. Soo Wong): Thank you very much. I'm going to Mr. Baker from the government side.

Mr. Yvan Baker: Thank you for taking the time to share your feedback with us. I have a chance to speak quite a bit with Minister Deb Matthews, who's the minister responsible for poverty reduction, and I know that she's invested a tremendous amount of time in trying to

make sure that we address the issue of poverty and some of the issues that you've talked about. I know the Poverty Reduction Strategy that was announced this past year has received quite some favourable coverage, particularly in the Kitchener-Waterloo area.

I'm wondering if you could tell me a little bit about—the budget mentions that consultations will be happening this year regarding the reform of the social assistance system—what you would like to see in these consultations?

Ms. Trudy Beaulne: Something that's accessible to people and with enough time to give input. We have spent a lot of time since 2007 actually engaging people and helping to translate a lot of the consultation materials specifically related to poverty and social assistance review, but also in other things like the social assistance tribunal and the Human Rights Tribunal, because the people who are most affected by these policy changes and by the programs—it's affecting them in very immediate, concrete ways. They don't know, or it's not at all easy for them to participate—so a manageable consultation period and process, and support so that organizations like ours can continue to do that work to make sure people who are affected by it are understanding it and able to give input in a meaningful way.

Mr. Yvan Baker: If these consultations were being held, what sort of advice would you give? What would you want to see as the outcome of that?

Ms. Trudy Beaulne: Well, of the consultations around the social assistance review: a really honest assessment in listening to what has been heard, because people have been talking and giving input since 2007-08, and a lot of what has been said seems to—people really feel like they haven't been heard. So the outcome of it is where we can really get the main points out on the table: that a really, really important component of social assistance is adequate rates, and also understanding that in the context of the broader needs and what resources are available in the community—because there are various things that can help mitigate against costs and things.

So a good understanding, good participation, and a clear sense as to what we need to be designing a program to do.

The Chair (Ms. Soo Wong): I'm turning to Mr. McNaughton for the last section of the questions.

Mr. Monte McNaughton: Thank you very much, Trudy, for your presentation. I was wondering if you would be able to forward your presentation to the committee.

Ms. Trudy Beaulne: Yes, we can. We can do up our rough notes into a bit more coherent outline and send those along.

Mr. Monte McNaughton: Great. You talked about schedule 36 in the budget. I wonder if you could just repeat what schedule 36 is.

Ms. Trudy Beaulne: That's the Poverty Reduction Act.

Mr. Monte McNaughton: Can you let the committee know what's happening in terms of the poverty reduction situation in Kitchener-Waterloo?

Ms. Trudy Beaulne: Kitchener-Waterloo is part of Waterloo region, as you know. We're probably one of the more enviable communities, with the tech sector. There is a relatively high average income, which means that we have a hidden poverty problem. The gap between the lowest- and highest-income earners is wider than it is nationally. We really do have some significant issues, but we also have some challenges, because relative poverty—prices can go up and a lot of people aren't concerned, and then there are a lot of people who really pay a price for that.

There have been a number of groups that have formed—different kinds, like the Poverty Free Kitchener-Waterloo group. Right now, it's primarily people with lived experience and agencies that provide support, who are there to help people participate in consultations and set some action. We've created a framework we can use to assess where we're going and what we think is important to happen in local communities.

I'm not sure what else to say. There's a lot that's happening, but we still are fundamentally coming down to, the rates are not high enough. There are cuts happening in other areas, like in discretionary benefits, and people have lost ground. We have a lot of players who are concerned and contributing to solutions, but we still have a ways to go.

The Chair (Ms. Soo Wong): Thank you very much, Ms. Beaulne. I was just informed by the Clerk that if you're going to submit anything in writing, it needs to be submitted by Monday, May 25, by 9:45 a.m.

Ms. Trudy Beaulne: To the Clerk?

The Chair (Ms. Soo Wong): To the Clerk.

Ms. Trudy Beaulne: Okay.

The Chair (Ms. Soo Wong): Thank you for joining us this afternoon.

Ms. Trudy Beaulne: Thank you for inviting us.

The Chair (Ms. Soo Wong): The next presenter is Tracy Blodgett. Is Tracy here? Okay.

McLEISH ORLANDO

The Chair (Ms. Soo Wong): I'm going to go to the next presenter: Mr. Patrick Brown of McLeish Orlando. Mr. Brown, welcome. Good afternoon, Mr. Brown. As you've probably heard, you have five minutes for your presentation, followed by three minutes of questioning from each of the caucuses. This round of questioning will begin with the government side. Please identify yourself for the purpose of Hansard. You may begin.

1330

Mr. Patrick Brown: Thank you, Madam Chair. My name is Patrick Brown; I am not the Patrick Brown who is the leader of the PC Party of Ontario. I am the past president of the Ontario Trial Lawyers Association; I am a partner with my firm, McLeish Orlando; and I'm a member of the Personal Injury Alliance. I'm also the chair of the Ontario Safety League and a former chair of the Ontario Bar Association's insurance law section.

I am here before the committee in relation to changes to the Insurance Act as it relates to auto insurance. At this

time, the government is proposing a move to increase the deductible as it relates to what we call tort changes to the legislation so that accident victims will have their corresponding deductibles increased to a higher level. In that regard, this proposed change to the legislation by the government also includes proposals to make further changes as it relates to auto insurance and victims of car crashes.

I have been doing personal injury for over 20 years. I make a living off of representing people who do suffer these horrific and tragic accidents. I have represented thousands of individuals, whether they be whiplash-type individuals early in my career or people who suffer quadriplegia or traumatic brain injuries.

I'm here to voice serious concerns over the reduction of benefits to those suffering catastrophic injuries. The government has announced that individuals who suffer these types of disabilities will have their attendant care benefits and medical rehabilitation benefits reduced from $2 million to $1 million. Catastrophic claimants include people who have amputations of limbs, quadriplegia or paraplegia, as well as severe traumatic brain injuries. Over the course of my career, I've seen what type of help these individuals need. They need help getting out of bed, feeding and at times just getting out of the house to live a normal life.

Part of the proposal to remove these amounts has come about—at this time, I understand that the insurance industry needs to be profitable; that's a given. I also understand that individuals in Ontario are demanding lower auto premiums. I understand this government and both parties are seeking and are committed to delivering the lowering of premiums so people can drive vehicles and have it be affordable.

What I do not understand is why the government, as well as the other parties, have chosen to make this happen at the expense of this small group of seriously disabled individuals who represent only approximately 1% of the victims of car crashes. This is not about taking away physiotherapy from somebody with a whiplash injury or giving them massage therapy after they've been involved in a car accident. It's not about giving those individuals replacement income. What this is about is taking away $1 million from victims where that's used to help them get out of bed, to feed them, to help them use the washroom, and at times to get out and see their families and be transported to treatment. The costs associated for somebody with a quadriplegic-type of injury can exceed $12 million for a lifetime, and for serious, severe traumatic brain injuries, it's well over $10 million. From a practical standpoint, I don't find that you would find anybody standing before this committee from the insurance industry, the legal community or the medical and rehabilitation community who would argue against any of those points. These individuals definitely need these benefits, and these are being taken away.

This is not about fraud. It's not about sports medicine clinics popping up at every corner. It's not about the proliferation of lawyers and advertising. This is about these individuals, people who suffer the most traumatic injuries.

In 2010, I was also afforded the opportunity to make representations to the Ministry of Finance when the previous changes were made. Those changes were dramatic. It was very hard for the government at the time to make changes to the auto product. At that time, they took the majority of claims, which were minor injury claims and which represent almost 80% of the claims in the system—they took $100,000 in medical benefits available to them and reduced it to $3,500. Ontario then became the province that had the lowest amount paid to the majority of claimants.

That happened because they had a tough decision to make. They had to reduce these premiums but at the same time make it affordable to the average Ontarian. They did that because they said, at that time, that it's much better to take the benefits away from those minor injuries—the whiplash, the soft tissue—and make sure that those people with quadriplegia and severe traumatic brain injuries have the benefits that are available. The proposed changes that are coming through this budget now mean that they're going to actually take half the benefits away from these other claimants.

From that standpoint, I do want to stress that when those consultations were made, stakeholders from the entire legal industry were given an opportunity to speak on this. People from the medical and rehabilitation community were given an opportunity to speak on this.

At that time, there were tough decisions to make. I think at this stage this might be a kneejerk reaction; I don't know, but there is a right way and a wrong way to do it. I think this government will continue to do the right thing in the right way, but certainly in our submissions, for people who see on the front line the impact this will have on those individuals—

The Chair (Ms. Soo Wong): Mr. Brown, can you wrap up, please?

Mr. Patrick Brown: Yes. I think it's critical that you take a hard look. There have been reports already submitted that suggest that in the insurance industry in 2013, the most profitable companies are making about a 17.3% return of equity. If you take a look at the share portions, the shares of the largest auto insurer inside Ontario, you'll see that it has almost doubled since 2010—

The Chair (Ms. Soo Wong): Okay, I'm going to stop you here. Dr. Qaadri, do you want to begin the questioning?

Mr. Shafiq Qaadri: It was Mr. Potts.

The Chair (Ms. Soo Wong): Oh. Mr. Potts?

Mr. Arthur Potts: Thank you, Madam Chair. I very much appreciate it.

Thank you, Mr. Brown. Thank you for coming here and sharing your views on behalf of your profession and your practice. We appreciate your acknowledgement of the difficult balancing act we're in here between the various interests involved.

Certainly we've made a very clear commitment to find ways to lower insurance rates in Ontario, and we've

taken the approach, rather than some jurisdictions, of trying to change the system so that within the system, as insurance companies are making a profit, they will reduce rates to reduce their profit levels. That's been the approach, actuarially based in real life, not in manufactured, artificial rates.

I think part of the balance here is that Ontario wants to continue to provide a fulsome set of benefits. With respect to catastrophic, there's still always the option of people purchasing additional insurance coverage to bring it up to level. We're suggesting the $1-million base level. Maybe you can comment on what other jurisdictions in Canada are doing with respect to catastrophic insurance. The $1 million is a base, and there's still an option; if people want to acquire more insurance, they can do so. Maybe you could comment particularly on what other jurisdictions are doing in this area.

Mr. Patrick Brown: Thank you, Mr. Potts. Firstly, I do applaud the government in their attempts. In 2016, they're bringing in a whole new system for accident benefits, which they say is going to cost and save millions of dollars to policyholders. That system hasn't taken place yet, but it's turning the whole accident-benefit procedural system upside down, getting the lawyers out, making it more efficient and easy to do things. That will save costs. Part of my point is, let's see what happens there first.

Secondly, optional benefits: Yes, it is true that any Ontario-insured driver can buy optional benefits and increase their product. What happens is, as we know, that in the majority of those cases people simply don't buy up. They will not buy up the product, another million dollars.

What that doesn't take into account in Ontario, as well, is that you assume that all individuals have auto insurance. There are many people in the population who are pedestrians, who do not have cars and do not have auto insurance. There are many children and there are also cyclists. There are also stay-at-home moms who simply don't drive and don't have auto insurance. If the individual, who could be a drunk driver, hits them and hasn't bought that optional coverage, essentially all those individuals will be losing a million dollars in benefits if they suffer these types of injuries.

The Chair (Ms. Soo Wong): Mr. Brown, I'm going to stop you there. Mrs. Martow?

Mrs. Gila Martow: Thank you very much for coming in, Mr. Brown. I just want to ask you if you have any recommendations for how insurance rates could come down, because we've heard from the government and the third party that insurance rates need to come down in Ontario, because the companies are either making too much profit or there's fraud. We've had our concerns with how they were going to implement this, and now those concerns are coming to light. Do you have any recommendations on how insurance rates could possibly come down?

Mr. Patrick Brown: Certainly insurance rates can come down, by taking a look at the profitability of the industry. If the industry is too profitable, then certainly changes can be made with the return of equity and how much an insurance company can make in Ontario. Since the 2010 changes, in 2013 that return of equity is at 17.3%. There has been a recent report that has been done by two professors from York University who have indicated that that's much too high and that should be brought down. I think FSCO has even agreed that that should be brought down. That would make a substantial savings within the system.

If there still have to be further savings, and if that needs to be done outside—we have to have a profitable insurance product, absolutely, but if more savings have to be done, don't do it on the backs of the quadriplegics and the severe traumatic brain injuries. Look elsewhere to make your savings. Look at changing the system, procedural changes so that it's easier for people to make claims without lawyering up. There are all kinds of different avenues.

1340

Take a look at companies—sure enough, there are certain good insurance companies, but there are certain bad ones. Certain ones make a good profit within the system. For those that don't, perhaps look at their underwriting practices, how they do their administrative procedures within their companies.

There are different ways to reduce premiums in Ontario, but it doesn't have to be on the backs of quadriplegics and people with severe traumatic brain injuries. They only represent 1% of the claims.

The Chair (Ms. Soo Wong): Mr. McNaughton.

Mr. Monte McNaughton: Where were the trial lawyers on the 2010 reforms? What was your position?

Mr. Patrick Brown: I was involved in those negotiations. I had actually had meetings with the insurance bureau at the time. The government of the day wanted us to sit down and work together to try to come up with some solution due to the escalating premium situation. At that time, although there was a loud outcry when they reduced benefits to those minor injuries and reduced the $100,000 to $3,500, we knew that if there had to be changes, our position was: Don't do it on the backs of those people with the most significant injuries.

The Chair (Ms. Soo Wong): Okay, Mr. Brown, I need to turn to Mr. Tabuns.

Mr. Peter Tabuns: Mr. Brown, thanks for being here today. Could you just tell us very quickly how the insurance industry is regulated, who they have to report to around their rates?

Mr. Patrick Brown: They're regulated through the Financial Services Commission of Ontario, so they have to report to the Financial Services Commission, which does regulate the entire industry as to premiums that are to be paid and what the premium amounts are. They're in the process of changing—FSCO not only does that, but it also administers how claims are to be determined adjudicatively inside the system.

Mr. Peter Tabuns: So they regulate the industry now. They try to deal with profiteering or rates that can't be justified by underlying costs?

Mr. Patrick Brown: Correct. There have been some people who suggest that there should be greater transparency with the numbers, the profitability. There seem to be two different opposing things about how much profit an insurance company is making. You have one side saying that they're making the 17.5% return of equity, and then you have the industry saying that that's not true. So it's very hard to difficult to get an actual feed on it at this point in time. We're certainly looking at the report done by the professors from York University.

Mr. Peter Tabuns: Okay. On another tack, what have you been hearing from the victims of these accidents, people who are facing these catastrophic losses?

Mr. Patrick Brown: I do know the victims because I'm in their homes. I see what they have to go with from day to day: $2 million, which is the present benefit that we're talking about—medical and attendant care—does not take them anywhere near to where they need to be. You have to understand, home modifications can exceed, right off the bat, $300,000. Vehicle modifications jump right up. Just the basic attendant care to get them fed, their catheters, and things like that escalate. So the first $1 million can be gone within two years.

From that standpoint, what it means to them is that you're going to find an influx of people who are going to be dependent on the social nets within the present system. You'll probably see these individuals in emergency wards sitting on cots outside the offices. And you'll find, then, that they simply won't get around. They won't have the transportation needs to get outside and see their family or to participate in some kind of meaningful recreational activities. It has a huge impact on them.

The Chair (Ms. Soo Wong): Mr. Brown, thank you very much for your presentation. Thanks for being here.

Mr. Patrick Brown: I appreciate it.

The Chair (Ms. Soo Wong): Before I call the Ontario Energy Board, I want to see one more time if Tracy Blodgett is here? Tracy Blodgett? No. Okay.

ONTARIO ENERGY BOARD

The Chair (Ms. Soo Wong): Do we have the Ontario Energy Board coming forward? Good afternoon. I believe we have Mary Anne Aldred and Rosemarie Leclair. Good afternoon. Do you have any handout you want to share?

Ms. Rosemarie Leclair: Not at this time, but I'm happy to—

The Chair (Ms. Soo Wong): Okay. I just wanted to say that if you do, the Clerk will be here to help you distribute.

As you probably heard, you have five minutes for your presentation, followed by three minutes of questioning from each of the caucuses. This round of questioning will begin with the official opposition party.

You may begin any time. Please identify yourself for the purpose of Hansard. Thank you.

Ms. Rosemarie Leclair: Rosemarie Leclair. I'm the Chair of the Ontario Energy Board. Good morning, Madam Chair and members of committee. Thank you for the opportunity to appear before you today.

This morning I'd like to provide the committee with a brief overview of the Ontario Energy Board and the important oversight role that we play in Ontario's energy sector, and to discuss very briefly the way in which we go about our work.

Let me begin with the brief overview of the board. As you know, the Ontario Energy Board is the province's independent energy regulator. We regulate both the natural gas and electricity sectors in Ontario. Within our broad public interest mandate, we do have specific objectives that are set out in our legislation.

Our primary objective is to protect the interests of Ontario's 4.6 million energy consumers with respect to price, adequacy, reliability and quality of service, and to do that while maintaining a financially viable, sustainable and efficient energy sector.

The OEB has some broad responsibilities. We license all market participants. We establish standards of conduct and standards of service. We approve major network infrastructure investments and we approve the rates charged by distribution and transmission companies across Ontario.

In gas, we regulate the rates of three natural gas distributors; in electricity, we regulate the rates of some 70 local distribution companies and five transmission companies, as well as OPG.

Suffice it to say that the impact of our decisions on utilities and their customers is absolutely significant.

As a provincial regulator, the OEB's oversight and rate setting applies to all regulated utilities in all corners of Ontario, from municipally owned local distribution companies like Toronto Hydro to government-owned corporations like Hydro One and OPG, privately held entities like Canadian Niagara Power, and to broadly held, investor-owned utilities like Enbridge and Union Gas.

Regardless of size or ownership structure, we apply the same standards to, and we expect exactly the same level of performance from, all the entities that we regulate.

The Ontario Energy Board has carried out our important oversight role for some time. In fact, we've been doing it for more than 50 years for natural gas and a somewhat shorter period for electricity. Over that time, the OEB has developed a solid reputation and gained significant expertise. The OEB is recognized by the courts as an expert tribunal, and for that reason we're accorded significant judicial deference.

Having provided you with a flavour of what the OEB does, let me now speak briefly on how we do it: our decision-making processes, particularly as they relate to rate setting.

As I said earlier, the OEB is an independent tribunal. And while our mandate flows from our legislation, as an adjudicative tribunal, our decision-making processes are very much based on the principles of administrative law and the rules of natural justice.

The OEB sets rates which are just and reasonable, using a public hearing process. We work to ensure that our regulatory decisions further our legislated objectives in ways that are consistent, stable and predictable.

Although the size and the operating characteristics of utilities vary, our approach to rate regulation does not. The public hearing process is rigorous and requires utilities to provide comprehensive, extensive business plans and extensive data. Proposals are examined and challenged in an open, public and transparent process, which includes the active participation of ratepayer representatives as well as other stakeholders. In fact, the OEB is one of few energy regulators that provide significant funding to ensure that the voices of those impacted by our decisions are represented effectively in our proceedings.

The OEB panel, assigned to a proceeding, reaches its decision based on the evidence, based on the submissions of each of the parties, based on OEB policies, as well as on the public interest. Our decisions aim to ensure that utilities have sufficient revenues to support ongoing operations and investments in assets; that shareholders earn a fair return so as to attract ongoing investment in utilities; and that customers benefit from predictable, paced adjustment to rates tempered by improving productivity and efficiencies.

Let me illustrate the OEB's effectiveness in the context of Hydro One rates. Looking at an average residential customer's total bill since 2008, Hydro One's distribution rates have increased an average of only 1.4% per year, while its transmission rates have increased an average of only 0.2% per year. Inflation during that same period ran about, on average, 2% per year.

In its 2011 utility ratings report, Standard and Poor's commented on the OEB's process as follows: "The OEB has exhibited increased scrutiny of requested cost increases in the distribution sector and the associated rate pressure on customers. While we expect ... rate increases will remain an important consideration, we believe ... that the OEB will continue to honour its mandate to balance customer needs and the utilities' ability to earn a modest return."

In closing, let me say that the OEB's 50 years of rigorous, open, transparent and independent oversight of regulated utilities has served Ontario consumers well in the past, and we are very much committed to continuing that legacy in the future.

The Chair (Ms. Soo Wong): Thank you. In this round: Ms. Martow.

1350

Mrs. Gila Martow: Thank you very much for your presentation. I just want to ask if you think that rate-setting hearings will be public, with interventions, as you described, from interested parties once Hydro One is privatized.

Ms. Rosemarie Leclair: Yes, absolutely. Rate setting, as I indicated in my remarks—the process doesn't change depending on the ownership structure. The OEB has processes now for Enbridge Gas and Union Gas, who are very much investor-owned utilities, and they go through the very same rigorous process. They have the same requirement to publish notice and to respond to consumer impacts. Interveners participate in that process. That process will not change as a result of the Hydro One ownership structure.

The Chair (Ms. Soo Wong): Mr. McNaughton.

Mr. Monte McNaughton: Thank you. The government says that it's strengthening the OEB to protect ratepayers. Is it true that the OEB has been out of compliance with the governance requirements of its existing legislation since 2010, and is it true that there's no second vice-chair, no management committee, no COO? This is in accordance with the OEB Act.

Ms. Rosemarie Leclair: The OEB has requirements in the legislation with respect to its management and governance structure. One of those requirements is a second vice-chair. An appointment has been recommended by cabinet for that second vice-chair and that will be considered by committee very, very shortly.

Mr. Monte McNaughton: So there hasn't been one since July 2010, when the act was—

Ms. Rosemarie Leclair: You know, the OEB has had a long—as I say, we've been in existence for 50 years, and there have been many periods where the structure of the OEB has been changed. In fact, before I got there, the OEB was operating with a chair. There was neither one vice-chair nor two vice-chairs; there was a chair. That was the structure. We have been operating with only one vice-chair for a period of time. We wanted to ensure that when we make the decision as to who that vice-chair is, we have a good sense of the board's direction and what our needs are. It's like filling a board of directors.

Mr. Monte McNaughton: Is there a management committee?

Ms. Rosemarie Leclair: There is a management committee. That management committee meets regularly. It meets six times a year, just like a board of directors. It has oversight of the organization. It deals—

Mr. Monte McNaughton: Is there a COO?

Ms. Rosemarie Leclair: There has been a COO. We now have a new structure that has VPs. We have moved the COO responsibility to those VPs, who report directly too. We've raised that issue in terms of requiring amendments to the legislation. It's very uncommon for legislation to actually recommend the management structure of an organization. The oversight comes from the management committee, and that oversight has not changed, with or without the responsibility of a COO.

Mr. Monte McNaughton: The point I wanted to make is that shouldn't the government comply with the existing law first, before they have any credibility in claiming to strengthen the Ontario Energy Board?

Ms. Rosemarie Leclair: There are many provisions in legislation that are administrative in nature that don't really go to the substance of the decision-making. I think that whether or not the Ontario Energy Board has a chief operating officer in place doesn't go to the substance and the effectiveness of the decision-making role.

Mr. Monte McNaughton: But the act actually calls for these positions to be in place, and my point is that they're not being complied with.

Ms. Rosemarie Leclair: That's a true statement.

Mr. Monte McNaughton: Thank you.

Ms. Rosemarie Leclair: We do not have a COO at this point in time.

Mr. Monte McNaughton: Or a second vice-chair.

The Chair (Ms. Soo Wong): Okay. I'm going to turn to Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Ms. Leclair. I have a few other questions, but first, one quickly: Did the OEB approve the rate increases for the installation of smart meters?

Ms. Rosemarie Leclair: The OEB approved the recovery of the cost for smart meters.

Mr. Peter Tabuns: Okay. The government just appointed Paul Pastirik, a former senior VP of Aecon, to the Ontario Energy Board. Aecon shares the mega contract to refurbish the Darlington nuclear plant with SNC-Lavalin. Many people blame Ontario's high electricity rates on the government's inability to rein in construction cost overruns related to nuclear power. Can you understand why the public might be worried to have someone with such close ties to the nuclear power industry serving on the Ontario Energy Board?

Ms. Rosemarie Leclair: The appointee brings extensive experience to the position—business experience, knowledge—that will be helpful in the roles. The board does have conflict guidelines and the appointee would not be involved in any decisions that relate to OPG and the nuclear aspects.

Mr. Peter Tabuns: The government just appointed Susan Frank, Hydro One's former VP and chief regulatory officer, to the OEB. Her job at Hydro One was to persuade the OEB to approve rate increase applications. Can you understand why the public might be worried to have someone who spent her career arguing for higher electricity rates serving on the OEB?

Ms. Rosemarie Leclair: Susan Frank is, as well, a very well-qualified member of the board. What we look for is expertise in a broad variety of disciplines. Regulatory expertise is an important discipline that Ms. Frank will bring to the board. Like all the appointees, we do have conflict rules, and Ms. Frank will not be sitting on any cases that relate to Hydro One.

Mr. Peter Tabuns: Are you familiar with the term that's used in the United States called regulatory capture, where the regulator tends over time to have their board populated by people from the industry they're supposed to be regulating, so that the interest to the public is not necessarily reflected in the composition of the board? Do you not have fears that this could happen with the OEB?

Ms. Rosemarie Leclair: The board has actually a varied composition. If you look at some of the membership that was appointed to the board not that long ago, many of those have good experience, but not energy experience.

Mrs. Laura Albanese: Sorry, Madam Chair—

The Chair (Ms. Soo Wong): Let me stop you right there. There's a point of order.

Mrs. Laura Albanese: A point of order: We're not here to interview the OEB. We're here to hear their thoughts on the budget.

Mr. Peter Tabuns: If I may address the point of order, Madam Chair?

The Chair (Ms. Soo Wong): Okay. Mr. Tabuns?

Mr. Peter Tabuns: I assume the OEB is here to enforce the government's argument that the OEB can regulate a privatized Hydro One.

Mrs. Laura Albanese: Absolutely, but—

Mr. Peter Tabuns: Yes, and I am pointing out that in fact that argument being made by the government has flaws.

The Chair (Ms. Soo Wong): Okay. Mr. Tabuns, you have to ask questions related to Bill 91. We've got to stay focused. The purpose of today's hearings is about Bill 91. So if this question pertains—

Mr. Peter Tabuns: Madam Chair, this is entirely about Bill 91 and whether or not a regulator in this new environment will actually be able to control that private corporation. If we have a process of regulatory capture, then over time the board will serve the industry rather than serving the population. That's the point I'm getting at.

The Chair (Ms. Soo Wong): The Clerk just advised me that if any question related to Bill 91—the fact that the question has to be related to Bill 91. And time is up already for your three minutes.

This round of questioning for the government side is from Mr. Baker.

Mr. Yvan Baker: Thanks, Ms. Leclair, for being here with us today. When I think about my role as an MPP and the people who I represent in Etobicoke Centre, I think of them as consumers and how they're impacted by consumers and energy rates. So could you speak more about what importance the OEB places on consumer protection in its rulings on electricity rate applications? Could you also expand on the rigorous process for reviewing these applications that are submitted to the OEB?

Ms. Rosemarie Leclair: The OEB has actually, over the last three or four years, started to take a much stronger consumer-centric approach in our view of rate applications. We've enhanced some of our processes in terms of ensuring that we provide broader notification. I don't know if you've seen our notices, but they are very much more consumer-friendly so that they let folks know what actually is going on and understand the applications. The outreach for those notices is much broader. OPG, for example—we published notice of our process in 81 papers across the province of Ontario to ensure that we reached consumers. We now invite letters of comment. You can provide comments to the board without having to become a registered participant. So we are searching out extensive ways of ensuring that we get the consumer's voice in the room and look at their issues.

In addition to that, as I've indicated, we provide significant funding for intervener participation in our processes. Regular interveners in our processes are interveners like the Council of Canadians, which represents consumers; Low-Income Energy Assistance, which represents consumers, vulnerable energy consumers—so significant, significant representation.

The process is rigorous. It involves thousands of pages of information, which is tested and reviewed by not only OEB staff but by the interveners, each and every one of them. If you speak with applicants who come to the OEB for their process, they will receive upwards of 350 to 500 questions that go through the details of their process.

The process also—

Mr. Peter Tabuns: Point of order: What does this question have to do with Bill 91? What does this presenter have to do with Bill 91? I've been hearing about the OEB. What about the amendments? What about the legislation? If my questions were out of order, then this presenter, who is not speaking about Bill 91, is out of order. Your questions aren't talking about the legislation—

Mr. Shafiq Qaadri: The presenter can say what they want, Mr. Tabuns. It's the questions that actually address—

Mr. Peter Tabuns: Well, Mr. Qaadri, things are in order and relevant to the bill or not.

1400

The Chair (Ms. Soo Wong): Okay. So the question is relevant to Bill 91, and the respondent, in this case Ms. Leclair, has to answer the question. The question was related to Bill 91. Your earlier question, Mr. Tabuns, was dealing with a governance issue of OEB in terms of vacancy—

Mr. Peter Tabuns: That's entirely what is at issue here.

The Chair (Ms. Soo Wong): Okay, so let's hear—

Ms. Rosemarie Leclair: The question was about consumer protection in the context of the rate process, and I think consumer participation in that has everything to do with protection. So their voice is heard; the process is rigorous; interveners go through the detailed review process. Those issues come before the board that makes a decision that tries to balance and align the interests of consumers with the needs of the utility. Ultimately, making those decisions, the board does have regard to what the rate impacts are and has mitigating policies and other tools that it can use to try and ensure that we have struck the right balance in our decisions.

The Chair (Ms. Soo Wong): Ms. Leclair, thank you very much for your presentation, and thank you for being here today.

DIRECTORS GUILD OF CANADA

The Chair (Ms. Soo Wong): The next presenter is the Directors Guild of Canada in Ontario. I believe it's Mr. Bill Skolnik. Good afternoon. As you heard earlier, you have five minutes, sir, for your presentation, followed by three minutes of questioning from each of the caucuses. This round will begin with the third party. You may begin any time, and please identify yourself for the purpose of Hansard.

Mr. Bill Skolnik: My name is Bill Skolnik. I'm the CEO and executive director of the Directors Guild of Canada in Ontario.

Thank you, Madam Chair and members of the committee, and good afternoon. I represent the 1,700 members of the Directors Guild of Canada who reside in Ontario. That's 52% of the entire Canadian membership. In 2014, this group accounted for 192,000 person-hours, and wages and benefits of almost $108 million.

We are the directors, the production designers, the art directors, the picture and sound editors, the assistant directors, the production managers, location managers, accountants and production assistants. We have members in each one of the districts represented on this committee. We are the folks who take producers' dreams and writers' stories and transform the dreams into a visual beauty. It's our directors and designers and editors who realize this dream and our production managers and location managers and accountants who supervise this concept, and we do it all over Ontario: Degrassi, Next Step you find in Scarborough; Copper in Weston; Dan for Mayor and Dark Matter in Kitchener; Suicide Squad, Total Recall in Barrie, Shanty Bay and Borden; Colony and Frozen in Sudbury; Cracked, Enemy, Little Mosque on the Prairie in Etobicoke—in fact, it could have been called Little Mosque on the Humber; it would have been just as good. Fanshawe College in London produces a number of sound personnel. They're a top supplier and educator of folks who work in that area. My Big Fat Greek Wedding 2, which is going on, is in east Toronto.

So we are puzzled. We understand deficits and we understand the need to reduce the public debt, but we don't understand why there is a need to alter our industry, which consistently offers year-to-year a net benefit. We're puzzled, because even if you accept the notion of a production credit reduction of 14% and an OCASE reduction of 10%, why is this provision, in such an unorthodox, inexplicable, and unprecedented application, done immediately? Even beer got a transition.

We don't get why good corporate citizens are having the rugs pulled right from under them. This is good, solid, honest, highly skilled union work, and it's threatened. There's no need to sell anything here. We're already privatized, and the money stays in the province, so we're kind of puzzled, as I say. You are meddling with the golden goose. We don't get it.

We're puzzled why the vague and chaotic message re OCASE untethering, why that's occurring, and why you're abandoning your own market initiatives in post-production. It took years to demonstrate that this province was fully integrated, with a turnkey operation, providing soup to nuts in the screen industry.

I attended personally with an Ontario trade rep and a federal trade rep and the city at a Stuttgart festival that touted Ontario talent in animation, post-production and

VFX. Post-production is expanding exponentially and now it's threatened.

When you go to Hollywood, they ask you two main things. They ask you: "Are you stable? Is your tax policy consistent and reliable?" The second thing they ask: "Are you training? We're making a big capital investment and we need to know that you can provide a skilled workforce because we want to expand." Well, we can still answer yes to question two, but for question one, that trust is gone. I ask everybody on this committee to please reconsider Bill 91 and the provisions regarding the screen industry.

The Chair (Ms. Soo Wong): Thank you very much. Mr. Tabuns, do you want to start the questioning?

Mr. Peter Tabuns: Thank you, Chair. Bill, thanks for coming and making the presentation. The first question is, you're saying that the film industry puts more back into the economy than the credits take away from the provincial budget?

Mr. Bill Skolnik: Yes.

Mr. Peter Tabuns: Can you give us those numbers, roughly what it costs now to support the film and post-production industries and the total economic benefit?

Mr. Bill Skolnik: Well, we have a study that Nordicity did—I think some of you have that study—and it does provide those statistics. I believe the difference was about $84 million last year at least and $56 million the year before.

Mr. Peter Tabuns: So we get more back into the provincial treasury than we take out of the treasury?

Mr. Bill Skolnik: Yes. Also, when you do the multiplier effect—I'm giving you Nordicity's remarks.

Mr. Peter Tabuns: Yes.

Mr. Bill Skolnik: It's $1 to $7.

Mr. Peter Tabuns: Yes, and I have the same—

Mr. Bill Skolnik: You have the same study.

Mr. Peter Tabuns: —question. No, I had the same—it's the same puzzle for me. If you've got something that's actually generating that benefit to the provincial economy—a golden goose, as you say—why on earth you'd give it the axe is beyond my understanding.

Mr. Bill Skolnik: That's why I'm here.

Mr. Peter Tabuns: What do you see is the impact to production in the next year?

Mr. Bill Skolnik: I can tell you that we believe that at this very moment, there's a total of over $500 million worth of production that's got to think about what they're doing, because it hits domestic as well. Whether that number will be—we don't think you're going to lose $535 million; I'm just saying that it's in jeopardy.

I can tell you that there is a major, major American studio that has cancelled its holds on equipment and facilities. That means vehicle rental agencies, hotels—not just studios, not just capital equipment, but probably airline tickets, a whole number of different things.

What else can I tell you? I have heard—this is all anecdotal, but I'm in the industry.

Mr. Peter Tabuns: Yes.

Mr. Bill Skolnik: There's a post house that is planning to move to British Columbia. That one is actually so puzzling, why this province has been spending money touting our post-production, saying how good we are, in direct competition with Montreal and Vancouver, and it's made it more difficult. We don't get that one. We can understand the logic behind some of it, even though we don't accept it, but we don't get that one at all.

Mr. Peter Tabuns: Yes. I find it a puzzler as well. Post-production—how badly will it be hit? I gather it's going to take a bigger hit than most other parts of the industry.

Mr. Bill Skolnik: Yes, we think so. I don't know that. I mean, it was growing, and it was growing so much that we had to go out and recruit people for sound editing. We had to get people in to give them permits and so on from other parts of the industry. We didn't have enough members, which we didn't want to tell Hollywood—

The Chair (Ms. Soo Wong): Mr. Skolnik, I need to stop you here.

Mr. Bill Skolnik: Sure.

Mr. Peter Tabuns: Okay. Thank you very much.

The Chair (Ms. Soo Wong): We'll go to Ms. Albanese.

Mrs. Laura Albanese: Thank you so much for your presentation. I want to reassure you that our government has demonstrated to have faith in the cultural industries. I was parliamentary assistant to the Minister of Culture and then tourism and culture for a while, and I certainly learned a lot about the cultural industries. I think we reiterated it also in the 2015 budget in many ways, because we have made, for example, the Ontario Music Fund now permanent, with $15 million there. We're also putting forward over $400 million for the cultural media tax credit and renewing the interactive digital media fund. So I think that it's in everybody's interest that this industry remain sustainable. I do understand your concerns.

1410

One question that I do have is, how do you think that Ontario's rates compare to other jurisdictions? My understanding is that 21.5%—

Mr. Bill Skolnik: Sorry, somebody coughed; I couldn't hear what you said.

Mrs. Laura Albanese: My understanding is that the 21.5% would still put us ahead of British Columbia and ahead of Quebec. What are your thoughts on that?

Mr. Bill Skolnik: Well, yes, ahead of British Columbia, although they have other aspects that give them an advantage: time zone, proximity. We're not ahead of Quebec. Manitoba is actually better than everybody, but it's Manitoba: They don't have the facilities or the personnel.

Mrs. Laura Albanese: They don't have a hub, I guess, the way we do.

Mr. Bill Skolnik: No, so it's an unfair comparison. But we are not ahead of Quebec. Quebec has criteria that is much broader than ours. I don't have my papers with me to go into detail, but I can certainly provide them if you would like. It's known in the industry right now that, in terms of the major players, it's Quebec number one, Ontario number two and British Columbia number three

in Canada. And of course, we have competition around the world for this. That's the nature of it.

Mrs. Laura Albanese: Okay. Well, my understanding was that the rate in Quebec—I don't recall exactly what it is, but it was a little bit lower than what we're proposing—

Mr. Bill Skolnik: Yes, it's 20%, but it encompasses so much more, so you're better off there.

Mrs. Laura Albanese: It's the broader concept that is important to take into consideration.

I know you're making a case for the transition—and I guess even the others that we've heard today—for the grandfathering, but I just want to reassure you about the interest that we have in the sustainability of the industry.

Mr. Bill Skolnik: Thank you.

The Chair (Ms. Soo Wong): Thank you. I'm going to Ms. Martow.

Mrs. Gila Martow: Thank you very much for coming in, Mr. Skolnik. My sister Judy Gladstone worked for a couple of years specifically in television and in the arts. She saw Toronto become an international city, not just in North America, between TIFF and Nuit Blanche and everything we have going on here. She has the sense that we're sliding, and I think something like this exacerbates that.

I want to ask you what you think this government is expecting to happen when they don't allow industry to plan. You're specifically here for the film industry, and the reality is that people plan years ahead for a film, and if this isn't done in a grandfathered way or people aren't being told, "In 10 years, or in five years, we're going to do this"—and suddenly it's next year. Is there a lack of trust, do you feel, that people planned on having these credits, and now they have to redo all their financing, and maybe the projects can't go ahead? Is that your concern?

Mr. Bill Skolnik: Yes. The proof will be in six months to two years. We can't tell yet, because if you've got $20 million invested in a project that's here in the next six months, you are not going to pick up your marbles and go. But you're not going to put your next $20 million here, and that's where you'll see it.

Mrs. Gila Martow: Yes, so that is I think everybody's concern, that we're losing industry. We have high hydro rates in the province now, and we're very concerned about job loss. The oil industry isn't going to be able to carry the country and things like that necessarily. We do want to see the culture and the film industry and the jobs stay in the province. So I really want to thank you for coming in.

Mr. Bill Skolnik: Thanks.

The Chair (Ms. Soo Wong): Thank you very much for your presentation, sir.

ASSOCIATION OF INDEPENDENT ASSESSMENT CENTRES

The Chair (Ms. Soo Wong): The next group coming before us is the Association of Independent Assessment Centres. Good afternoon.

Ms. Tracey Glionna: Good afternoon.

The Chair (Ms. Soo Wong): I'm not sure you heard earlier. You have five minutes for your presentation, followed by three minutes of questions from each of the caucuses. This round of questioning will begin with the government side. You may begin any time, and when you begin, could you please identify yourself for the purpose of Hansard?

Ms. Tracey Glionna: Yes. Chair, ladies and gentlemen and honourable members of the standing committee, thank you for allowing us to speak to you today with regard to Bill 91. I'm Tracey Glionna. I'm the president of the Association of Independent Assessment Centres. Our association represents independent businesses and thousands of health care professionals all across Ontario and, as well, across Canada. We conduct probably up to 50,000 neutral third-party evaluations every year: auto insurance, disability benefit assessments, short-term/long-term disability, medical, legal—a number of different types of assessments, specifically to provide opinion on entitlement to benefits of some sort.

We're here today to discuss how Bill 91 will impact the auto insurance sector and, ultimately, our members, as well as Ontarians in general. Schedule 17, section 3, sets out a framework for changes to auto insurance benefits related to catastrophic injury and other impairments that the government announced in its budget. While some of these changes will be made in the future through regulations, it's our hope that the committee will seriously consider the concerns that we would like to point out today.

It's the government's intent to increase the standard benefit level for medical and rehabilitation benefits to $65,000 and to include attendant care services, as well as an option to purchase increased coverage of up to $1 million. The AIAC is concerned for Ontarians who will likely fall outside of the standard benefit category, but who are not deemed catastrophic. That would include serious impairments such as traumatic brain injuries or anything like that which may not surpass the catastrophic threshold. While the increase appears generous, certain claimants—such as those with pre-existing impairments or disabilities, the geriatric population and anyone suffering from a debilitating or serious impairment—will have a significant disadvantage with the elimination of direct access to attendant care benefits, as the proposal now suggests they be included in med rehab, as opposed to a separate benefit.

Reducing the standard duration of medical and rehabilitation benefits from 10 years to five years for all claimants, with the exception of children and catastrophic impairments, also puts those with serious impairments at a disadvantage. There are a number of serious impairments that could be permanent, but not necessarily catastrophic. We ask that the committee carefully consider seriously injured claimants in Ontario when looking at these changes.

Additionally, we believe that there is a significant problem with Ontario consumers' lack of understanding of auto insurance policy. The majority of Ontarians are

focused on reducing their premiums, especially when we're such an expensive province for insurance premiums. They don't necessarily read through or understand the implications of significantly reduced benefits, as we've seen in the last few years. Looking at these specific changes to the benefits, we recommend that the government also consider implementing a more rigorous education program for consumers to avoid unnecessary hardship, so that Ontarians really understand what they're purchasing with their policies.

The government also intends on eliminating the six-month waiting period for non-earner benefits and limiting the duration to two years after an accident. We would request that the committee seek clarification on the definition of "non-earner benefits," specifically "complete inability," which is what that test involves.

The AIAC supports the revision of the definition of "catastrophic impairment." That being said, there are currently only a few hundred properly trained and qualified experts in Ontario to conduct these complex and important assessments. In the event that there is any change, there should be an appropriate rollout period allowing for proper training and certification. In addition, the $2,000 cap for these complex assessments, specifically the catastrophic impairment assessment, remains a real problem here in the province of Ontario. Many of our best experts have stopped doing these assessments because of financial restraints due to the cap.

As I stated earlier, while many of these specific changes will happen through future regulations, we hope that the committee seriously considers the concerns we've raised here today on changes to the framework of auto insurance benefits. Thank you.

The Chair (Ms. Soo Wong): All right. Thank you very much. I think Dr. Qaadri will begin the questioning.

Mr. Shafiq Qaadri: Thanks to you, Ms. Glionna. As a physician, of course I support and salute the work that you've been doing representing the Association of Independent Assessment Centres. I no doubt have in my own acquaintance some of those assessors.

I think you've made a number of quite reasonable and valid, and helpful, I would say, suggestions with regard, for example, to the rigorous education of the public, specification of the non-earner benefits and, as you've quite rightly said, time enough for appropriate training and certification for assessors. I think we'll obviously, when we have the opportunity within regulations, revisit some of those issues.

Several things, just perhaps to highlight: As you know, there was a fairly rigorous consultation process, which has essentially been going on, I would say, for the last at least four to five years. One of the issues that did come up, of course, is this issue of catastrophic impairment. I appreciate your comments on that, and no doubt the government will take your comments to heart and under advisement.

1420

One of the things that we've been attempting to do to maintain a balance, as stewards of the auto insurance industry, whether it's the benefits to individuals who may suffer from accidents and disabilities and so on, be it catastrophic or less than that—and of course, as you've rightly cited, the never-ending battle to reduce insurance premiums. As part of the strategy for that, as you know, we're eliminating—or reducing, I should say—the catastrophic impairment benefit from $2 million to $1 million, by combining both the medical rehabilitation and attendant care components into a $1-million limit.

Of course, there are some issues with regard, as you said, quite rightly, to the definition of that, because there may be—as a physician, of course, I can attest to that personally—disabilities, impairments, or problems, illnesses, maladies that people suffer from that are debilitating, life-long, chronic, ongoing, unremitting, but nevertheless may not meet the strict definition of "catastrophic." Of course, that's where the whole training issue for assessment comes in as well.

We do continue to maintain the automatic designation of catastrophic impairment for brain-injured children. As you know, that has a particular legal framework, or I guess medical-legal framework meaning, because it provides immediate access to necessary treatment.

There are also new interim benefits that are going to be established to provide additional coverage to support recovery for those patients who have serious injuries in advance of a catastrophic determination so that they may not necessarily be left in the lurch, as it were, until that official designation and assessment happens.

I think one of the things that you will appreciate—and certainly physicians and other health care providers are held to a high standard in terms of maintaining certification and their knowledge base. There's a number of new definitions and new medical tools that are being rolled out, whether it's at the College of Family Physicians, the Royal College of Physicians and Surgeons, the College of Physicians and Surgeons of Ontario—which, as you know, is our regulatory body—to essentially measure, track and detail these impairments over time. Of course, that will lead to many things like updating of conditions and injuries, and the strict definition.

So I think what I would say is that we hear you. We do have opportunities, as I say, to revisit a lot of these issues and work out some of the details in terms of the regulatory framework. But as I'm sure you can appreciate, as stewards of, first of all, the public's health but also public auto insurance, these are some of the challenges that we have. So I—

The Chair (Ms. Soo Wong): Okay. Dr. Qaadri, I need to go on to Mr. McNaughton for the questioning.

Mr. Monte McNaughton: Just to follow up on what Mr. Qaadri was asking around the consultation process: Can you explain how your association was consulted? He alluded to the fact that there has been consultation for four or five years.

Ms. Tracey Glionna: Yes.

Mr. Monte McNaughton: I'm assuming—you can correct me if I'm wrong—that you were surprised to see schedule 17 in the budget, or the concerns—

Ms. Tracey Glionna: No. We were in the loop and pretty prepared for a lot of the changes. We knew that the catastrophic definition was long overdue for a refreshed clarification. Our province has been using the fourth-edition AMA guides, whereas in the majority of the states and provinces, anybody who references that specific guide, they've all moved on to the fifth and sixth edition. But the problem is that the fourth edition, for catastrophic impairment determinations, obviously, was the least ambiguous. It was sort of a lock-down process.

Of course, with these types of assessments that we're conducting, there's a significant med-legal component to them because there's usually litigation involved. The sheer entitlement of millions of dollars is an important assessment, obviously. To sort of restrain the process a little bit, the fourth edition was easy. It was clean, it was small, and everybody was trained in it. So a jump now, possibly, from the fourth edition to the sixth edition—you'll have a lot of physicians here in the province who have currently been doing this type of work that perhaps aren't familiar with that. That's what we were referencing.

We did offer submissions to the Catastrophic Impairment Expert Panel, which is probably, I believe, the panel that he's referring to that has been very, very busy looking at the definitions. We support most of the changes that that panel has put forward. It's just a matter of that timeline to make sure that those experts currently doing that work are up to date and able to handle some of those changes. Because there are a lot of different diagnostic tools, as he mentioned, that are also being referenced in the suggested changes, such as the ASIA tool and the GOSE instead of the GCS—some of the important changes that we did have an opportunity to submit and be heard on, and I believe we were.

Mr. Monte McNaughton: Thank you.

Mrs. Gila Martow: I just wanted to ask very quickly: It seems sort of strange that the amount paid out to support people for catastrophic injuries would go down when we all know that expenses go up. If you look back, say, 10 or 20 years ago, $2 million then would not go as far now. Do you find that sort of backwards? Do you feel that it's not taking into account inflation?

Ms. Tracey Glionna: It's a tough question to pose to us because we see so much of the system, and our system has been terribly broken for many years. In Ontario, basically, claimants win the lottery. Great steps have been taken to sort of fix that problem and make insurance premiums more affordable for consumers here in Ontario.

The very practical problem with the system is that there is such a small percentage of catastrophically impaired claimants that are deemed catastrophic—thank goodness. You don't want to be assessing those patients and you don't want to see those people in the system. They do exist, but it's such a small percentage that for years they haven't been the focus.

If you look at the sheer numbers, I believe that as of last year, less than 5% of claimants are deemed catastrophic. That's a very small number, but they're also the most important percentage of the population of claimants that physicians and experts like ours will ever assess.

The Chair (Ms. Soo Wong): Sorry; I need to interrupt. I'm going to ask Mr. Tabuns to begin his questioning.

Mr. Peter Tabuns: Thank you, Chair, and thank you, Tracey, for being here. The government is cutting 50% of benefits for a segment of Ontario's most vulnerable population, the ones you just referred to, individuals with catastrophic injuries. The government is also reducing the duration period in which accident victims can receive medical and rehab benefits by 50%.

To us, it looks like the government is heavily leaning toward the interests of the insurers and not toward those who are consuming that protection. Do these measures seem reasonable to you?

Ms. Tracey Glionna: Honestly, no—I have to be honest—because all we see are people who have some type of impairment. Our membership, obviously, are all medical health care providers.

They have all suffered some type of impairment if they are coming to us for an assessment, and obviously that assessment has been prompted by the insurer's request. But for as many denials as you may see, you see a significant number of approvals for more treatment, more funding, more assistance. We're the check and balance in the system. I do think that, unfortunately, we've had a system in place for more than 20 years now that has been very, very generous to Ontarians, and yes, we've paid for that. The changes we've seen in the last few years with the significant reduction of benefits and yet no reduction in premiums—there's a significant imbalance in the system, and that leaves Ontarians who have medical impairments, mental/behavioural impairments, at a significant disadvantage.

Unfortunately, representing our membership, we have to work within the system. These are decisions that are made beyond us, so we're trying to find a good balance. But I do agree with you: There is a significant imbalance there with regard to the dollar amounts that are now no longer available to Ontarians—a significant slash.

Mr. Peter Tabuns: So what will it mean to these people's lives?

Ms. Tracey Glionna: That's why we say it's a significant hardship to these people. When you deal with people with serious impairment—currently, our threshold for catastrophic impairment, just to try and generalize for you, is a 55% whole-person impairment. That's what you have to have, based on a very specific set of guides and a definition that's set out for us doing these assessments. That's a very tough test of disability to meet. If anybody in this room were to suffer anywhere from a 25% to a 50% whole-person impairment injury that was going to be with you for the rest of your life, you would be significantly impaired, regardless of what type of impairment. It could be a brain injury; it could be a spinal cord injury that has had great success and you've healed; it could be very, very complicated orthopedic surgeries that leave

you with a limited gait or limited mobility. Those types of injuries and those claimants in the province of Ontario now are going to have nowhere to go for these benefits. There isn't enough funding or any of the specialized treatment facilities in the province, especially when you're looking at the rural areas. You look at northern Ontario; you look at our elderly population and pediatrics—

The Chair (Ms. Soo Wong): Sorry; I need to cut off this discussion. Thank you so much for your presentation and for being here.

Ms. Tracey Glionna: Thank you very much.

MR. LEN HOPE

The Chair (Ms. Soo Wong): The next presenter is Len Hope. Mr. Hope, welcome. I'm not sure if you heard earlier, Mr. Hope: You have five minutes for your presentation, followed by three minutes of questioning from each of the caucuses. This round of questioning will begin with the official opposition party. You may begin any time. Please identify yourself for the purpose of Hansard.

Mr. Len Hope: Thanks for the opportunity of speaking to you. I come from Port Elgin, Ontario. Also, in my private life, I take care of people who are retired, and I'm coming to you with that perspective.

1430

What I'd like to do is talk to you a little about Ontario Hydro and a couple of other things. I will not take very long. I have a presentation that is only one page. I have copies of my presentation for those people who would like it.

The sale of Hydro One is not well thought through. There are other ways that the finances of the province—with Hydro One, the rates are driven up. Electricity rates have—

Interjection.

The Chair (Ms. Soo Wong): I think the Clerk wants your documents.

Mr. Len Hope: Electricity rate increases are bad for consumers, bad for business and bad for the economy. Our rates are on the raise, and selling Hydro would make it worse. We are opposed to the selling off of Hydro. We support the increase in corporate taxes as a much better plan of action. We support capital investment.

The retired workers in the province, who I happen to speak more of—the people we represent all over Ontario—can't afford the electricity. Many seniors find their day-to-day living costs higher than they can afford. It goes also to our youth, and our youth are the future.

Hydro One makes over $800 million a year in Ontario alone. When it's gone, it's gone forever. The private sector will expect at least an 8% to 10% return on investment. Selling 60% of Hydro One will cost Ontario $338 million each year in lost revenue.

Selling Hydro One: What that does is the money that you have coming is just going to disappear. You erase that away and your costs keep increasing.

The sale of Hydro One is opposed by the Ontario PC Party, the Ontario NDP and the general public. We should stop and retain Hydro One in public hands.

The other thing that I just want to mention is that the budget is talking about freezing health care over the next four years. That would be catastrophic, especially to the group that I'm speaking about, the retired workers. There are a number of retired workers who are failing to be able to use drug plans that we have because of the cost in health care. If the cost goes up, it's going to make much—

The Chair (Ms. Soo Wong): Mr. Hope, can you wrap up so we can begin the questioning?

Mr. Len Hope: Yes. It's going to make it very difficult for a system for purchasing things like pharmaceuticals.

The Chair (Ms. Soo Wong): Thank you. Okay, Ms. Martow?

Mrs. Gila Martow: Thank you so much for coming in, Mr. Hope. I'm wondering what your thoughts are on why this government would want to sell Hydro One if, as you say, the public is against it.

Mr. Len Hope: The province has got a debt problem, and what they want to do is decrease the debt by selling Hydro One, getting all of the money. And when they put the money out—everybody has to realize that once they sold Hydro One, there is money, but then it's gone; and if it's gone, then everybody in the province is going to be having a difficult time with it.

Mrs. Gila Martow: They're actually not saying that they're going to pay off the debt. They say they're going to spend the money on infrastructure.

Mr. Len Hope: Hmm.

Mrs. Gila Martow: I'm going to pass it on to my colleague.

Mr. Monte McNaughton: I wanted to talk and ask you some questions about affordability issues for seniors in Ontario. I hear really sad stories in my riding, in southwestern Ontario, about seniors on a fixed income having to move out of their home that they actually have bought and paid for because they can't afford hydro bills, property tax increases and different things. Is that something that you hear from your network of friends?

Mr. Len Hope: I have a considerable number of friends all over Canada, but in Ontario I've heard that said. The biggest thing they talk about is the cost of their hydro bill, the cost of electricity. Leaving hydro as a public service is going to make a lot more difference to these people who complain about their hydro. The cost of hydro has gone up tremendously, and they need some help.

Mr. Monte McNaughton: Great. Thank you very much.

The Chair (Ms. Soo Wong): Mr. Tabuns.

Mr. Peter Tabuns: Mr. Hope, I'd like to thank you as well for coming here today. Port Elgin is not next door, so you've put some effort into being before us today.

Can you tell us what sort of changes people have had to make in their lives to deal with their higher hydro rates?

Mr. Len Hope: Well, our higher hydro rates lead to lack of money for purchasing food, purchasing their other points that they have to live on. In some cases—and this is a point that goes on for a lot of seniors—there's a number of people who babysit. That's only one small point, but they can't do as much. They can't travel as much to go out in the community and try to work with their children. Then there's the other points of distribution for your hydro, which creates a problem for the people who are trying to help their children, trying to help to educate their children, and it's something that doesn't really need to happen.

Mr. Peter Tabuns: Mr. Hope, my colleague Jennifer French, who represents the riding of Oshawa, has talked about families in her riding this past winter who effectively moved the whole family into one room, kept that room warm and kept the rest of their house cold. Have you seen similar things in your community?

Mr. Len Hope: I know a lot of people who do that. There are occasions when I've had to do that myself. When the winter gets to be a tough way to try to be living, you do have to do that. You do have to turn your hydro off. You do have to save. You live in one room, basically, when it's really cold because you're going to save on the hydro.

Mr. Peter Tabuns: And is this becoming more and more common in your communities?

Mr. Len Hope: Yes.

Mr. Peter Tabuns: Okay. Thank you.

The Chair (Ms. Soo Wong): Thank you, Mr. Hope. I believe Mr.—oh, I'm seeing two hands here. Mr. Milczyn, do you want to begin?

Mr. Peter Z. Milczyn: Thank you, Mr. Hope, for coming down to Toronto today. I really appreciate having you come down and share your views.

I don't know if you were here earlier this afternoon when we had the chair of the Ontario Energy Board speaking about how they function and how, regardless of who the applicant is before them for a rate hike, whether it's a publicly owned utility or a privately owned utility, there are things in place to ensure that actual ratepayers are allowed to be represented at a hearing on increased energy or hydro costs, and that there is a dialogue.

We've been talking a lot about what the potential increases in hydro rates will be, and I wanted to ask you whether you're aware of instances over the last few years where publicly owned utilities in this province have gone to the Ontario Energy Board requesting significant increases both in rates and also in their plans to invest in infrastructure and build it back up, and eventually been turned down by the Ontario Energy Board.

1440

I wanted to give you the example of Toronto Hydro, which went to the Ontario Energy Board about four years ago with a plan to spend $750 million on rehabilitating infrastructure that, in some cases, was 100 years old and was failing. The Ontario Energy Board turned them down, saying that they didn't have a strong enough business case to justify it and that the potentially increased rates as a result of it were unacceptable. That was a publicly owned utility going to the Ontario Energy Board, not trying to seek extra profit, just trying to seek money to reinvest in infrastructure and, because of the process in place to control rates and control increases, was turned down.

Those are the same types of provisions that are meant to be in place, continuing, with Hydro One regardless of who owns it. Does that give you some pause for thought and some more security about what the future might hold?

Mr. Len Hope: I'm not able to give you examples of a utility that has a problem and goes to the energy board to try to get either improvements for their business and the company or other—the fact that I find is that if somebody was going to be taking over Ontario Hydro, you're talking about a huge company, and if they come in and they decide that they're going to take up 10% or 15%, they're automatically going to be asking for their money. It could come in different ways, and the consumer and business would end up paying the bill, and I don't think it's right.

The Chair (Ms. Soo Wong): One more minute.

Mr. Peter Z. Milczyn: You're working with a lot of seniors in your community. You talked a little bit about health care and some of their concerns around access to health care. You made the statement that health care spending is frozen. I wanted to ask you whether you're aware that within this year's budget, health care is one of the only areas where there's an actual increase in spending, just over the rate of inflation, I believe. In terms of seniors, there's increased funding that was just announced by the Minister of Health around more supports for personal support workers and the health links program that's in communities that's trying to make sure that support for people in their homes is better and that there's more support and more choice for seniors in terms of selecting who their caregivers might be. All of that is being funded by the government and is part of this budget. Were you aware of that?

Mr. Len Hope: No, I wasn't aware of that particular statement.

What I do find is that there are a lot of things in health care that cost more all the time and that the home care and that kind of service isn't what it was meant to be. It's not—

The Chair (Ms. Soo Wong): Mr. Hope, I'm sorry to interrupt, but your time is up. Thank you so much for being here, and thank you for your presentation.

Mr. Len Hope: Thank you.

HORWOOD PENINSULA GROUP

The Chair (Ms. Soo Wong): Our next witness is coming to us by conference call: Mr. Marcel Cook of the road association. Mr. Cook, are you on the line?

Mr. Marcel Cook: Yes, I am.

The Chair (Ms. Soo Wong): Good afternoon.

Mr. Marcel Cook: Good afternoon.

The Chair (Ms. Soo Wong): My name is Soo Wong. I'm the Chair of the committee. I want to introduce all the members of the committee so that you know who's at the table. From the government side, it's Laura Albanese, Yvan Baker, Dr. Shafiq Qaadri, Peter Milczyn and Arthur Potts; from the official opposition, it's Gila Martow and Monte McNaughton; and from the third party, Peter Tabuns.

So, Mr. Cook, you have five minutes for the presentation, followed by three minutes of questioning from each caucus. This round of the questions will begin from the third party. You may begin any time. Please begin by introducing yourself for the sake of the Hansard. Thank you.

Mr. Marcel Cook: Okay, thank you very much. I am representing a local roads boards association. My name is Marcel Cook. I'm representing the Horwood Peninsula Group. We are a road association, not a roads board, and we are talking about the PLT taxes that are coming up.

We don't have an issue with the taxes that are coming up; our main issue is with local roads boards and roads associations. I don't know if your colleagues understand the difference between a local roads board or association.

Under a local roads board, the government provides grading, maintenance, ambulance services. They help maintain the road, they repair washouts, and they charge the cottagers so much for each cottage.

On a local roads board—

Interjection: Local roads association.

Mr. Marcel Cook: On a local roads association—I'm sorry—we pay all our maintenance, our washouts, if we have a washout, all by ourselves. We have no money from the provincial government, the federal government or from towns or anything like this.

So our local roads board—we have 65 cottages and we pay $250 per year on our local roads association. I keep saying "roads board"; I keep making a mistake.

So we pay out a lot of money to help maintain our roads and we get no help whatsoever. We have 60 kilometres of road that we maintain. I've been reading on some of your PLT taxes that we get services like fire, police and ambulances. We don't receive any of these services at all. In order to get some of these services, we have to maintain our road. If we do not maintain our road, we have no services of any kind. So there's a big difference between local roads boards and local roads associations.

We're not really complaining on the taxes; it's that we would like to see a better way of providing taxes. It would be nice if we, as a local roads association, could receive some money to help maintain our roads. This doesn't happen.

So the way we feel is that we're going to pay the increase on taxes and all these taxes are going to go to local roads boards and none of this to a local road association. We feel that this is not fair.

That's really what I have to say. I have costs here on items, like how much it costs us per kilometre and how much our cottages pay compared to other local roads boards. Our local roads association has CN using our roads, we've got forestry using our roads, we've got mining using our roads, and they don't pay anything and we keep paying to maintain the roads. So we feel, if the government could help us out in some way, it would be really, really appreciated.

The Chair (Ms. Soo Wong): Okay. Thank you very much, Mr. Cook. I'm going to turn to Mr. Tabuns to begin this round of questioning.

Mr. Marcel Cook: Okay.

Mr. Peter Tabuns: Mr. Cook, thanks for joining us this afternoon. This is an issue I hadn't dealt with before. How did you come into being? How did your association come into existence?

Mr. Marcel Cook: Well, what happened is that quite a few years ago, back in 1986, the road was put in by Millette Lumber. They went into Horwood, into a peninsula, and they brought in a road to cut their lumber. Then we cottagers just added on to this main road. Then we had to form something, because once the lumber company moves out, we have to maintain everything. It would be the same thing as a local roads board too, because at one time the lumber companies went in there, made roads, and they took it over and they eventually ended up the local roads board, but unfortunately, we ended up being a local association and we could get no help at all.

1450

Mr. Peter Tabuns: And why weren't you included in that local roads board? Why were you excluded?

Mr. Marcel Cook: Because we had applied one time and because that runs through the MTO, it would have cost each cottager $10,000 to bring the road up to date. It still was not guaranteed that the MTO would maintain our roads, and we didn't have the money for that. So we couldn't put that money in to do that.

Mr. Peter Tabuns: Okay. I don't have further questions. Thank you. I really appreciate your contribution.

The Chair (Ms. Soo Wong): All right. Thank you very much. Mr. Baker?

Mr. Yvan Baker: Thanks very much, Mr. Cook, for calling in. I have to say that the issue that you've raised around maintenance of roads is something that is close to my heart. I remember that years ago, when I was a child, my grandfather picked me up from school. He used to do that almost every day for a number of years. My parents worked. My grandfather used to sit me in the back of this large car he used to drive, and I remember having a conversation with him on a number of occasions as to why it was I couldn't sit in the front seat of the car with him. He said, "Just believe me; it's for your safety."

There was one day he was driving me home. We were driving along the road, and it was a wintry day—it might have been slushy or rainy, I don't remember, but the weather was bad. I distinctly remember that—I remember parts of this—my grandfather lost control of the car and ended up going into oncoming traffic. We ended up getting spun around and he was injured. I was injured a little bit, but very mildly as it turned out. Thankfully, I

wasn't in the front seat. If I had been in the front seat, apparently I would have been hurt very, very badly.

Anyway, all this to say that the issue of making sure that the roads are clear and safe so that people can navigate those roads and not be concerned about getting to work or getting to school or getting home safely and on time—we don't want people concerned about that.

I think what I also wanted to just highlight is specifically what our government has been doing on maintenance of roads. Speaking to the story that I just told you, one of the things that I'm proud about as a member of this government is that we have some of the safest roads in North America. The government is working very hard—we're working very hard—to make sure that roads and highways are safe and that families across Ontario can rely on those roads and that they are the highest standards of safety.

The government is taking concrete action to improve our winter maintenance services this year. In fact, this winter we added 50 winter maintenance units to more frequently clear ramps and shoulders on our highways. We also added 20 new inspectors across the province to provide on-the-ground oversight during winter storms. This brings our total annual investment in highway maintenance to $387 million. That's this year alone, and this—

The Chair (Ms. Soo Wong): Mr. Baker, I'm going to just cut you off. I'm very sorry. I'm going to turn to Mr. McNaughton. Do you have a question for Mr. Cook?

Mr. Monte McNaughton: Sure. Thank you very much, Mr. Cook. For me, I just want to ask you a couple of questions because I'm not, I guess, up to speed with your situation. I represent a rural southwestern Ontario riding, and we have some issues with roads and who pays for maintenance, but not an identical circumstance to what you're facing.

Do you know of other situations like yours in the province? I'm assuming this is something that affects northern Ontario more than other areas.

Mr. Marcel Cook: Well, there are other road associations. There's one on Temagami—they have a road, and that's another association. It's not a roads board. I'm going to state, too, that we have to pay insurance on our road to protect ourselves, which local roads boards don't have to do.

Mr. Monte McNaughton: So where is your local municipality on this?

Mr. Marcel Cook: We're in the Sudbury district, okay? The closest place to, let's say, a town would be Foleyet, and Foleyet would be like a half an hour to turn in onto Kenogami logging road.

Mr. Monte McNaughton: And these roads just aren't recognized? Is that correct?

Mr. Marcel Cook: Yes. They're not recognized by the government at all. But yet we are still going to be paying taxes, you know? We're not recognized at all.

Mr. Monte McNaughton: And just for clarification, you said $31,000 was spent in 2014, so how much was collected? Do you have a total?

Mr. Marcel Cook: We spent, that year, $31,000, but it took us years to save up that money. That wasn't just done overnight. It took maybe six or seven years to do that, and we had to do the brushing and do some—we had a hill that got kind of washed out. We had to repair that, plus our gradings. We fell short of our gradings because of the money we had to put in, but it took many years to collect that money and save that money on the side.

We received nothing for that work, but we had to do that work to keep the road safe. We don't want to be brought to court, so that's why we ended up having to buy road insurance. I don't know if you've heard of the group FOCA. We went through them to get our insurance.

Mr. Monte McNaughton: And one other question: In order for the residents to be serviced by ambulance, OPP, the road has to be maintained; is that correct?

Mr. Marcel Cook: Yes. If we would not maintain that road, there would be no services of any kind. So when the government says that we get services, it's only if we take money out of our own pocket to maintain that road.

Mr. Monte McNaughton: Okay. Thank you very much. I think it would be interesting for this committee and for the government to recognize the number of roads in Ontario that are in the same situation as yours and just to take a look at that.

The Chair (Ms. Soo Wong): Thank you, Mr. Cook. Thank you for your written submission as well.

For the committee, our next witness is scheduled for 3:30. They're not here yet, so I'm going to recess the committee until 3:30, okay?

The committee recessed from 1500 to 1530.

ONTARIO NURSES' ASSOCIATION

The Chair (Ms. Soo Wong): I'm going to resume the committee. I believe the first presenter for this round is the Ontario Nurses' Association, and we have Vicki McKenna, first vice-president. Welcome. Are you going to bring your colleague with you, Ms. McKenna?

Ms. Vicki McKenna: Yes.

The Chair (Ms. Soo Wong): As you probably heard, you will be given five minutes for your presentation, followed by three minutes of questioning from each of the caucuses. This round will be from the government side. As you begin your presentation, can you please identify yourself for the purposes of Hansard, as well as your position?

Ms. Vicki McKenna: Yes, certainly. My name is Vicki McKenna. I'm provincial vice-president with the Ontario Nurses' Association. I'm a registered nurse. Thank you very much for letting us come in today and speak with you about some very important issues facing nurses in Ontario. Joining me today is Lawrence Walter, ONA's government relations officer.

ONA is Canada's largest nursing union. We represent over 60,000 registered nurses and allied health professionals.

This afternoon, I'll provide you an update on the cuts to RN positions and hours at hospitals across Ontario in the short time since the pre-budget hearings in January when we reported this earlier.

As background for committee members, the care needs of our hospital patients are complex and, as a result, require care from registered nurses who have the skills and training to manage patients with unstable and unpredictable outcomes.

Members on the standing committee may recall the health minister responding to questions from the opposition on nursing cuts during recent legislative question periods. There are two themes in the minister's responses: Ontario has more nurses since 2003; and nursing cuts are the result of local hospital decisions about changes to programs and services. The minister, however, omits a couple of key facts: Ontario's population has grown significantly since 2003, and hospital base funding will now have been frozen for four consecutive years. This means that the ratio of RNs to population in Ontario is the second-lowest in Canada. Ontario has only 71 RNs per 10,000 population, compared to 83.6 RNs for 10,000 people in the rest of Canada. This means that each RN must manage increasingly high patient assignments, which, as research demonstrates over and over again, creates a practice environment where gaps may arise in patient assessment, recovery and care planning.

Studies show that adding one patient to a nurse's average caseload in acute care hospitals is associated with a 7% increase in complications and in patient mortality. RNs have a direct influence on patients, improving their quality of life and decreasing the length of stay.

The 2015 Ontario budget does not address this untenable gap in RN care for our patients since hospital base funding is now frozen for a fourth consecutive year. This is where the minister must acknowledge that changes to hospital programs and services are not random or based on some sort of ebb and flow. Hospitals are making care decisions strictly based on financial considerations because hospitals are underfunded.

Hospital decisions to cut RNs are being driven by cost-cutting and by providing lesser qualified staff, not by improving clinical care for our patients. Fewer RNs mean worse outcomes and higher expenses.

The current reality is that the nurse-to-patient ratio in Ontario is becoming unsafe, unmanageable and dangerous for patients and increasingly so for nurses. We're calling on the government to stabilize Ontario's RN care with that provided in the rest of the country.

We are calling for an end to frozen hospital base funding. Ontarians have lost more than three million hours of care from registered nurses as a result of the past three years of frozen funding for hospital budgets. More than 800,000 hours of RN care have now been lost in the first four months of 2015 alone.

We know that higher levels of RN staffing in hospitals are essential to care for patients with complex and unpredictable conditions. Remember, this is where our sickest Ontarians are cared for, and they need more RNs, not less.

We also know that RN staffing is associated with a range of better patient outcomes, from reduced infections and complications that are mitigated through early intervention to more rapid patient recovery to shorter hospital stays, and that equals less cost.

Nurses are asking: Why is the government risking our patients' recovery when the evidence is clear? Why is the government allowing hospitals to put in place staffing models where evidence clearly shows that patient care is negatively affected?

The Chair (Ms. Soo Wong): Ms. McKenna, can you wrap up?

Ms. Vicki McKenna: There's a sampling of RN cuts just in your ridings alone that are listed below. I can provide them to you in more detail. The list totals 417 RN positions cut since January 2015. Ontario must change its course before it's too late.

The Chair (Ms. Soo Wong): Okay. Thank you very much. I believe we're starting with the government side. Dr. Qaadri.

Mr. Shafiq Qaadri: Thank you, Ms. McKenna, as well as Mr. Walker. I think, as a fellow health care practitioner, you and I share similar goals. Of course, we in the government recognize the important contribution of nurses and, in particular, the Ontario Nurses' Association for all that you do representing 60,000 RNs and other allied health professionals, whether it's in community health care centres or long-term-care centres, public health situations, clinics and even beyond, in industry.

I think as well, Ms. McKenna, you can appreciate the balancing act that governments need to engage in, trying to maintain a high-quality, accessible, publicly funded health care model. We certainly take what you have said and the specific examples, I think a number of which you didn't actually get to but we have here in your written submission. I'll certainly take that back to the government during our deliberations on Bill 91 and, of course, particularly with reference to the health care budget.

Perhaps just to remind my fellow committee members, my colleagues, and to the Ontario Nurses' Association, I would just like to cite perhaps a few key numbers that may be of interest and I guess material to this particular discussion.

The first is with regard to hospital funding. Since we took power in late 2003, the budget of the government of Ontario directed towards hospitals has increased from $11.3 billion to $17 billion, which by any way of parsing or dissecting or actuarial tables or whatever is an extraordinary commitment, something on the order of about a 50% increase.

I would also, with respect, just remind you that the government of Ontario has employed from that day to this 24,000 more nurses who are now eligible to practise in the province of Ontario. I repeat: 24,000.

I don't think you have to go back too early in history to confront a government that was excellent for nursing care. Unfortunately, those nursing jobs were actually in

Dubai or Dallas or Bahrain. That is the previous PC government that fired 10,000 nurses and also is on record publicly as equating nurses—which profession, by the way, our Chair serves in as well—to essentially expired hula hoops.

So I certainly appreciate what you're saying. There are obviously a lot of growing pains as we in the government transform health care and attempt to seek the best value for money—

Ms. Vicki McKenna: Is there a question?

The Chair (Ms. Soo Wong): Dr. Qaadri, I'm going to have to cut you off because the three minutes—

Mr. Shafiq Qaadri: Thank you.

Mr. Walter Lawrence: Sorry. Was there a question?

Ms. Vicki McKenna: Is there a question? I was waiting for a question.

Mr. Walter Lawrence: I thought this was about questions.

The Chair (Ms. Soo Wong): Every caucus gets three minutes, whether it's a statement or questions. I'm very sorry.

Ms. Martow, you have three minutes to ask the presenters.

Mrs. Gila Martow: Thank you very much for your presentation and for coming in today. I think we all understand that there's only one taxpayer, and the taxpayer trusts the government, as my colleague across the room just said, to maintain the publicly funded system. What I would ask you to answer, and maybe direct it towards him, is this: Is publicly funded health care being maintained right now?

Ms. Vicki McKenna: This is a grave concern to us as we continue to move forward to have the fewest hospital beds in the country in regard to our population base. We're spending the lowest amount of dollars per individual on health care. While the health care dollar and costs may have risen since 2003, that's 12 years. This is 2015. The last four years, hospital base budgets have been zeroed. They are sitting at zero. They can't maintain inflation. They are laying off nurses. They're closing beds.

I was in Kenora yesterday; 250 citizens were at a town hall meeting there because they are so concerned about their hospital services. This is happening in communities right across this province, and we can't ignore that.

1540

Registered nurses are valued in the system. We need them at the bedside, and they are being pushed away from the bedside. New graduates have little hope of a full-time job. They are leaving the province and leaving the country. This is not an acceptable situation for registered nurses, or Ontarians, for that matter.

Mrs. Gila Martow: I think—and maybe you can speak on it—that the population is aging, so that puts added stress on the health care system. The population has also risen significantly, as you said in your presentation.

Ms. Vicki McKenna: Yes.

Mrs. Gila Martow: There's also inflation and raises. What I would want to ask you—to wrap up—is, do you see that too many health care dollars are going to administrative costs and not enough for front-line care?

Ms. Vicki McKenna: Certainly there seems to be a growing administrative cost in many of our organizations, and you'd have to pull the hospital balance sheets to look at that more carefully, but we see that happening. We have fewer people at the bedside and a growing inverted pyramid at the top, and that is very concerning—

Mrs. Gila Martow: Right. Not just at the hospital level but with the LHINs and the CCACs.

Ms. Vicki McKenna: Yes. Our LHINs are very expensive administrative organizations.

The Chair (Ms. Soo Wong): I'm going to stop you there. Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Chair. Vicki, Lawrence, it's good to see you this afternoon. In the context of hospital budgets being frozen and the expectation that privatization of Hydro One will drive hydro rates up even higher, does ONA support the privatization of Hydro One?

Ms. Vicki McKenna: We don't support the privatization of public services. We believe that the situation is growing, and growing to the point that it's almost like a destruction by design, that little pieces are falling away and being privatized along the way. There are eager people ready to take it on, and I think we all need to be alert and watch for that.

I don't believe that Ontarians believe in the privatization of health care. I think they find that abhorrent, and certainly everywhere I've gone, I've not heard people speak about, "We need to privatize our system." The more and more fragile it becomes, the more there are people who are ready to step in and save the day, and those are people who are looking for profit, not looking after Ontarians.

Mr. Peter Tabuns: Will this budget help or hurt the health care system?

Ms. Vicki McKenna: Certainly in regard to hospitals, we believe it's hurting them terribly. I've been in the system over 30 years as a working nurse, and there was fat in the system. I saw money being spent in places that had nothing to do with health care and on initiatives that had nothing to do with health care—not even closely related.

I believe there was a time for there to be close attention, and that oversight and a higher transparency—I think that has happened and is happening, but I think we're cut to the bone now in these hospitals. These are where our most vulnerable people are, and they deserve to be cared for properly and not at a bare-bones minimum.

Mr. Peter Tabuns: Thank you very much. I have no further questions.

The Chair (Ms. Soo Wong): Thank you very much. Thank you for your presentation.

ONTARIO SPINAL CORD INJURY SOLUTIONS ALLIANCE

The Chair (Ms. Soo Wong): The next presentation is from Spinal Cord Injury Ontario. I hope I say the two

presenters' names correctly: Peter Athanasopoulos and Danny Mazor; right?

Mr. Peter Athanasopoulos: I'm Peter Athanasopoulos.

Mr. Danny Mazor: Danny Mazor.

The Chair (Ms. Soo Wong): Thank you for the correction.

As you heard earlier, you have five minutes for your presentation followed by three minutes of questions per caucus. This round of the questioning will begin with the official opposition party. When you begin, can you please identify yourself and what position you hold with your organization?

Mr. Peter Athanasopoulos: Sure. Has everybody received our text?

The Chair (Ms. Soo Wong): Yes. The Clerk is coming around. You may begin.

Mr. Peter Athanasopoulos: Okay. Excellent. Again, my name is Peter Athanasopoulos, and I'm here representing, in fact, the Ontario Spinal Cord Injury Solutions Alliance, which is under the leadership of SCI Ontario and the Ontario Neurotrauma Foundation. We are an organization of 70-plus members who work together collectively to address and resolve systemic barriers that affect the impact and quality of life of people with spinal cord injury.

We're here today to talk about the proposed changes in auto insurance announced in the 2015 budget. We cannot understand how they are reducing accident benefits by 50% across catastrophically injured individuals. In your packages, you will find numerous examples of people with spinal cord injury specifically requiring more than $1 million of accident benefits over their lifetime. I am not here to be an expert around the definition of "catastrophically injured" and there's more than one cohort of people with disabilities under that definition, but if you pull out the spinal cord injury, the cohort of that definition, I could almost guarantee you every single time that they will need more than $1 million in their lifetime of accident benefits. This shift in this budget will only transfer resources from the private sector to the public sector.

I heard the last presentation talk about how we have to sustain our health care system. This decision will not sustain our health care system.

Our recommendation today is to work with the Ontario alliance. We can assemble a team of experts that can create the proper thresholds and include the Insurance Bureau of Canada and the insurance brokerages of Canada as well to come up with the appropriate threshold for the most vulnerable population.

I'd also like to introduce to you my colleague Danny Mazor, who's going to give you some life experiences of the services he requires to be independent.

Mr. Danny Mazor: Hi. I'm basically your poster boy for insurance. I've been injured for 20 years. Thank God for Canada, that we live in a good country. I did not have insurance, and most of my friends who were injured did. It has been figured out for me. Privately, my family helps me. I work a little bit as a musician. We spend $95,000 to $100,000 on private care for myself. This is basically done from my family's pocket. We're not rich. It's very, very tough. With this cutting of the budget, it'll be impossible.

Every day I see nurses coming to my home—I have lots of private help. I live a good life, but it cannot be done if things are cut. I always tell people that I'm a blink away from you. The only difference between me and you is that I was in the wrong place at the wrong time. You've got to get together with the SCI foundation. Really, they're the best people to figure out what the best way is to approach this.

I'm telling you, if the budget is cut, there are going to be a lot of people lying in a bed and just staring at a ceiling, wanting to commit suicide because a catastrophic injury like this—from one day walking to the next day, you need help; there are no words to describe this type of transformation. Without SCI, we can't do it.

Mr. Peter Athanasopoulos: We hope you take this testimony seriously and really encourage our government to look at these auto insurance benefits and their thresholds because we feel that we can provide support in that. The budget can't go through with just the 50% reduction. It will destroy people's lives and we will be more dependent on the health care and public system. We hope that you can consider making amendments to this Bill 91 to ensure that people are having the appropriate services under the catastrophic injury legislation.

The Chair (Ms. Soo Wong): Thank you very much. Ms. Martow, do you want to begin the questioning?

Mrs. Gila Martow: Thank you very much for coming in today. I know it was difficult for you to come, so I'm especially thankful. It's obvious that the government isn't cutting the catastrophic payments by half in order to advance better outcomes for people who are in dire circumstances. It's all to have a way to cut insurance rates. I think that making promises to cut insurance rates—what people expected is, they expected the government to find efficiencies in the system, to get rid of fraud or overhead costs in some manner. Do you feel that the government is assuming that, just like with health care, until somebody is in the situation, they won't have that expectation and they won't be worried enough?

1550

Mr. Peter Athanasopoulos: I can appreciate our government's commitment to reduce fraud within the insurance industry, but not on the backs of the most vulnerable people who require the most benefits. I'm not sure why they're making this decision, and I understand they're trying to make efficiencies, but at the end of the day it's going to cost us more money.

For example, if you hit me in your car and I get injured, and the threshold is not enough to support me, what do you think is going to happen? Ugly tort claims, where people are going to go after people's assets, go after people's homes, and the duration of court cases will be prolonged to five, six, seven years. What do you think is going to happen between those five and seven years during that claim? People will be on social assistance.

We need to come up with better efficiencies. This is not an efficient way of improving premiums within the systems in service. In fact, it's going to make it a lot more ugly and people are going to suffer more.

Mrs. Gila Martow: Would you advise people to get extra coverage? I think Danny said that he didn't have insurance at the time.

Mr. Peter Athanasopoulos: Absolutely, we would advise people to get more coverage. That's part of the reason why we've connected with the insurance brokerages of Canada, to help them recognize that when they're advising people on insurance, if they're not advising them how much they actually need, particularly for those with severe catastrophic injuries, the population is just going to turn around and sue them back for not advising them properly.

Mrs. Gila Martow: Exactly. We're hearing from people who haven't been injured, they've just had health problems, that they're advising their friends to have insurance if they're under 65 in the case of a stroke. It's not just about people in catastrophic injuries that they are concerned about insurance coverage.

Mr. Peter Athanasopoulos: Absolutely, but we're grouping spinal cord injuries within a definition that also includes whiplash, also includes possibly amputees. I'm not an expert in the entire spectrum of who's deemed catastrophic, but I know that people with spinal cord injuries are the most expensive of the cohort of which catastrophically injured is identified within the definition. It is completely short-sighted to just make a decision to just cut it by 50% and feel that that's going to resolve fraud issues in Ontario.

The Chair (Ms. Soo Wong): I'm going to need to stop you there. Mr. Tabuns.

Mr. Peter Tabuns: Mr. Mazor, Mr. Athanasopoulos, what you've said today is pretty powerful. We've had other people speak to us today about the impact of these cuts. I don't know how to actually make your case any more strongly than you have. How many people are affected in this way in Ontario? Do you have a sense of the numbers?

Mr. Peter Athanasopoulos: Every day there's a person with a spinal cord injury in Ontario—every day. If we look at the traumatic so that we can cut that by half, because there's a high population by non-traumatic—so we're looking at about 300 cases a year.

Mr. Peter Tabuns: Over 10 years, over 20 years, you're talking thousands.

Mr. Peter Athanasopoulos: That's right, and people like Danny and I, we require attendant services for life. Half a million dollars in accident benefits to cover just our attendant services alone won't cut it. This government worked really hard to enhance PSW services, worked really hard to expand attendant services from a gap of 5,000 people waiting on attendant services who couldn't live in their homes and had to live in hospital. They've done such a good job in that way, and now this wait-list that they're trying to eliminate is only going to grow faster from the private sector, not the people who need it most. I can't stress enough how much of a mess this is if this goes through.

Mr. Peter Tabuns: No, I think you've made it abundantly clear what kind of mess it's going to be if it goes through. There's a lot in this bill that I oppose. There's a lot that I see as immoral and wrong, but this may be the most outrageous element of all. Thank you.

The Chair (Ms. Soo Wong): All right. Mr. Potts, you want to ask a question?

Mr. Arthur Potts: Yes. Thank you, Mr. Athanasopoulos, for being here and making the case. You have made a very convincing argument about it. I know that the rationale that we're seeing on the government side is about balance. It's not about going after fraud, obviously. Someone with a catastrophic injury—there's no fraud associated with it. It is about looking for efficiencies in the system, and the evidence is suggesting that, on average, the use of people in a catastrophic injury situation—that they weren't reaching the one-million-dollar threshold and that the additional million was unnecessary in the system.

Some of the numbers you're giving us here from the American jurisdictions are saying a different story, and I'd be more interested in hearing more about what we have to see about the Ontario experience.

So it is about trying to balance between lowering insurance rates as opposed to providing comprehensive coverage, but we did go forward with a new definition. Do you have a sense of that? I know you mentioned you're not here as an expert on the definition, but are you comfortable with the definition we came up with?

Mr. Peter Athanasopoulos: Well, there was a proposed definition, and my understanding is that the regulation has not been put forward yet. We were part of the 2013 proposed recommendations, and we worked really closely with FSCO where we brought together every single physiatrist who serves people with spinal cord injury to make amendments to those definitions, and they in fact made those changes in the superintendent's report. It is, in fact, the last attachment in the document I provided today.

The experience of people we can bring forward to give best advice on this decision is tremendous. With the 70-plus organizations that are working together to leave their organizations at the door, come to the table and do what's right for people with spinal cord injuries—it's huge.

We do have some statistics for you in Ontario. In the second appendix of that slide, we took about eight random cases and did a future cost analysis of those eight random cases. Has there been a research study specific in Ontario? No. We found one in Alabama, but we'll do one—

Mr. Arthur Potts: It's okay. We have been getting a lot of heat during the course of the day about this decision from different organizations, and it's somewhat ironic in that I believe we're the only province that has catastrophic insurance threshold minimums. We're moving them from $2 million to $1 million, but, again, we are a leading jurisdiction in this area, and it does

allow opportunities for people to—Mr. Mazor, I know you weren't covered by insurance, but you must give some credibility to this government for at least having this threshold limit for people's insurance?

Mr. Danny Mazor: Yes.

Mr. Peter Athanasopoulos: If I can speak to the threshold. First, I just want to say that we're a government that builds Ontario up and not leaves anybody behind. Since when do we compare other provinces to find out what's best for Ontarians, right?

We're a leading province in this country. For years, we have provided the best-quality services, and for the purposes of efficiencies and balancing a budget, we're going to look at the most vulnerable people and look at creating more efficiencies when they need the services the most—I don't find that's just.

Mr. Arthur Potts: Right. Well, you were the last deputants here today but by no means the least important. Thank you very much for making your way down here and attending this hearing.

Mr. Peter Athanasopoulos: Thank you very much. We appreciate it.

The Chair (Ms. Soo Wong): Thank you very much, gentlemen. Thank you for your presentation and your written submission.

All right, folks. I think these are the last witnesses for today. I'm going to adjourn the committee until 9 a.m. tomorrow morning. There will probably be revisions to the agenda for tomorrow in terms of the number of speakers and what have you, so check your email tonight. All right, thank you.

The committee adjourned at 1559.

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Présidente
Ms. Soo Wong (Scarborough–Agincourt L)

Vice-Chair / Vice-Président
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)

Mrs. Laura Albanese (York South–Weston / York-Sud–Weston L)
Mr. Yvan Baker (Etobicoke Centre / Etobicoke-Centre L)
Mr. Victor Fedeli (Nipissing PC)
Ms. Catherine Fife (Kitchener–Waterloo ND)
Ms. Ann Hoggarth (Barrie L)
Mr. Monte McNaughton (Lambton–Kent–Middlesex PC)
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)
Ms. Daiene Vernile (Kitchener Centre / Kitchener-Centre L)
Ms. Soo Wong (Scarborough–Agincourt L)

Substitutions / Membres remplaçants
Mrs. Gila Martow (Thornhill PC)
Mr. Arthur Potts (Beaches–East York L)
Mr. Shafiq Qaadri (Etobicoke North / Etobicoke-Nord L)
Mr. Peter Tabuns (Toronto–Danforth ND)

Clerk / Greffier
Mr. Katch Koch

Staff / Personnel
Ms. Susan Viets, research officer,
Research Services

CONTENTS

Wednesday 20 May 2015

F-21

F-21

ISSN 1180-4386

Legislative Assembly
of Ontario

First Session, 41st Parliament

Official Report of Debates (Hansard)

Thursday 21 May 2015

Standing Committee on Finance and Economic Affairs

Building Ontario Up Act (Budget Measures), 2015

Chair: Soo Wong
Clerk: Katch Koch

Assemblée législative
de l'Ontario

Première session, 41e législature

Journal des débats (Hansard)

Jeudi 21 mai 2015

Comité permanent des finances et des affaires économiques

Loi de 2015 pour favoriser l'essor de l'Ontario (mesures budgétaires)

Présidente : Soo Wong
Greffier : Katch Koch

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

http://www.ontla.on.ca/

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario

Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Thursday 21 May 2015

Jeudi 21 mai 2015

The committee met at 0900 in room 151.

BUILDING ONTARIO UP ACT (BUDGET MEASURES), 2015

LOI DE 2015 POUR FAVORISER L'ESSOR DE L'ONTARIO (MESURES BUDGÉTAIRES)

Consideration of the following bill:

Bill 91, An Act to implement Budget measures and to enact and amend various Acts / Projet de loi 91, Loi visant à mettre en oeuvre les mesures budgétaires et à édicter et à modifier diverses lois.

The Chair (Ms. Soo Wong): Good morning. By the order of the House, we are here today to resume consideration of Bill 91, An Act to implement Budget measures and to enact and amend various Acts. As committee members are aware, witnesses will be given five minutes for their presentation, followed by nine minutes of questioning from the committee or three minutes from each caucus. Do we have any questions before we begin?

BROCK UNIVERSITY

The Chair (Ms. Soo Wong): Seeing none, I believe our first witness today is coming to us by teleconference. Mr. Livingston, are you here on the line?

Dr. Jack Lightstone: Jack Lightstone, by the way.

The Chair (Ms. Soo Wong): Yes. Good morning, Mr. Lightstone; sorry. My name is Soo Wong. I'm the Chair of the Standing Committee on Finance and Economic Affairs. I'm going to introduce the members of the committee so that you have an idea who we are: from the government side are Laura Albanese, Bob Delaney, Ann Hoggarth, Peter Milczyn and Shafiq Qaadri; from the opposition, Vic Fedeli and Monte McNaughton; and from the third party is Jennifer French.

Mr. Lightstone, you have five minutes for your presentation, and you may begin any time. Please identify yourself when you begin. I believe this round of questioning will begin with—I'm just going to tell you so you know which party is starting—the third party. Mr. Lightstone, you may begin.

Dr. Jack Lightstone: Thank you very much, Madam Chair. My name is Jack Lightstone. I'm the president and vice-chancellor of Brock University. I'm grateful for the opportunity to comment on the budget bill and specifically to comment on paragraph 3, page 100 of Building Ontario Up, the Ontario budget 2015, presented by the Honourable Charles Sousa, Minister of Finance.

In paragraph 3 of page 100, what is proposed in the budget is the allocation of an investment of $10 million over two years to expand Brock University's Goodman School of Business by providing funds which the university will more than match in order to renovate, upgrade and build additions onto the current facilities of the Goodman School of Business. I want to say how important this investment is for Brock University and for the Goodman school, but also for the Niagara region and for Ontario generally.

If you permit me, I will say a bit about the Goodman school. The Goodman school has been one of the fastest-growing business schools in Ontario among Ontario's universities. It was founded at the very end of the 1980s and early 1990s. At the time, in 1991, when it entered into its current facility, it had under 1,000 students; today it has 3,500 students. At the time, it represented about 10% of the enrolment of Brock University; today it's getting close to representing 20% of the enrolment of Brock University. The school is AACSB-accredited, the international Association to Advance Collegiate Schools of Business, the most important accreditation body for business schools around the world. Of the thousands of business schools around the world, there are only about 450 that have this accreditation. We were the third business school in Ontario to receive this accreditation, after Queen's and the University of Toronto.

The Brock business school, the Goodman School of Business, is the largest business co-op education program in all of Canada. It attained that status two years ago. We are very heavily invested in co-op. The investment that is proposed in the budget, which is a $10-million investment, would result in an expansion costing in the range of $24 million. We will provide the other funds. It will greatly, greatly improve the learning conditions for our students and allow us to continue to expand the business school.

Our strategic mandate agreement with the government indicates that the business school is one of those areas at Brock which represents a strength of the university and is an area that the government identified as an area of potential growth, but also recognizes that without expanding and improving the facilities at the school, that growth potential would not be able to be realized.

I have already mentioned that the business school is the largest business co-op education operation in Canada. It also has one of the most prestigious programs in accounting in Canada and was the first university in Ontario to have its accounting program accredited under the brand new standards of the CPA. We are expecting a major expansion of the accounting program and this too will be facilitated by the investment that the government is proposing to make in this budget.

I will stop there and be happy to answer any questions.

The Chair (Ms. Soo Wong): Thank you very much. I'm going to turn to Ms. French for the first questions.

Ms. Jennifer K. French: Thank you, and thank you very much, Mr. Lightstone. I appreciate your comments this morning. It sounds like the program is doing quite well. Congratulations on that. Certainly my colleague from the Niagara region has been impressed with the work that you do.

I have a question, actually, that takes us in a bit of a different direction, but while you're talking about the learning conditions of the students, I'm sure that you also have a vested interest in their success and that you would have thoughts on that.

The government is actually changing the Apprenticeship Training Tax Credit. I'm not sure if you're familiar with the details, but they are decreasing the general rate by 10 percentage points, reducing the eligibility period from 48 months to 36 months, and shrinking the annual maximum tax credit by 50%. Do you think that a tax credit reduction like this will boost employment opportunities for those students who would be looking to join Ontario's workforce?

Dr. Jack Lightstone: I must say that I don't have the competence to comment on that. As you know, the universities are really not involved in managing the apprenticeships in the province. The colleges are more directly involved, and even there, there are all sorts of other agencies that are involved in the apprenticeship world. So I must plead ignorance on being able to offer an informed judgment; my apologies.

Ms. Jennifer K. French: No, no; that's a fair point.

My next question for you is this: After your students complete a program such as this and are stepping out into the working world, can you tell me a bit about what that looks like for them?

Dr. Jack Lightstone: Absolutely. As you know, the Ontario government keeps yearly statistics on the employability and employment success of graduates of Ontario universities. I think the more important figure is how many people have full-time gainful employment after two years or within the two-year period and whether they are working at jobs to which they believe their education is relevant.

The statistics for Brock University are the following: About 93.5%, close to 94%, of our graduates have gainful full-time employment within a two-year period of their graduation—those are the latest stats—and over 80% respond that their areas of study are either highly or somewhat relevant to the jobs that they have received.

In the business school, that figure is much higher. It's closer to 97% or 98% employment. For those students in the co-op program, it is close to 99%.

So Brock students are doing very well getting jobs. I think we are doing a very good job—no pun intended—at preparing them for the job market and giving them skills that will see them through the many twists and turns that are likely to take place in the job world and the career world, in the world in which we live now. The business school is particularly, I think, successful at this, and I think co-op plays a large role in the extraordinary success of the business school in this regard. It is well known that co-op programs have much higher employment rates for students upon graduation and that over 80% of graduates of co-op programs will get employment with one of the employers with whom they had a co-op placement during the period of their education.

The Chair (Ms. Soo Wong): Mr. Lightstone, I'm going to need to stop you there and turn to the government side, because it's three minutes per caucus. I'm going to Ms. Albanese for the first question from the government side.

Mrs. Laura Albanese: Thank you, Madam Chair, and thank you for your presentation, Mr. Lightstone, and for talking to our committee.

I also want to congratulate you on the success of the school and wanted to learn more about how the commitment contained in the budget of this $10 million and the expansion and renovation of the Brock Goodman School of Business will affect the students in the wider Brock community. I know you mentioned that it will improve learning conditions, but I was wondering if you could give us a little more detail on the difference that will make.

0910

Dr. Jack Lightstone: Absolutely. Thank you. First of all, let me say that Brock, because it has grown so rapidly over the past while—Brock University as a whole, in terms of enrolment, has grown by 72% over the past 14 years, which is almost half again greater an expansion as the average for Ontario universities over that same period. So we are very cramped, and therefore our growth—even though we've had quite substantial largesse over the years in being able to expand our facilities, both through our donors and governments, we have not been able to keep pace with the expansion of our enrolment.

Interruption.

Dr. Jack Lightstone: Should I just ignore that beeping?

The Chair (Ms. Soo Wong): Just keep going.

Mrs. Laura Albanese: Yes, please. You can continue.

Dr. Jack Lightstone: Thank you. What this will do for the business school in particular is it will allow us to expand the facility of the business school by a whole 50%. In other words, the facility for the business students and their faculty and staff will be half again as large as it is now, and modernized. What we will be doing is taking a business school facility that was built for 1,000 students

and currently houses and serves 3,500 students and increasing it by 50%, which will greatly help the business school but will also take off space pressures elsewhere in the university because right now the business school, of course, with its 3,500 students, is taking up space that, outside of the business school facility, might be reassigned to others.

Mrs. Laura Albanese: I also wanted to ask you—I know that the time will be limited—if you have been hearing anything about the recent changes to OSAP and in general about the Ontario 30%-off tuition grant. Are there any comments that you've been hearing on those two items?

Dr. Jack Lightstone: Yes, I certainly would like to comment on that. I would say that in my experience and as I look around the country, Ontario has the best financial support for students who need that support of any province in Canada. I commend the government for this and I commend all parties for their continued support of relieving the financial burden on students. I think that at this point I would venture to say that there should be no barrier to any qualified student in Ontario to pursue university education because I think there is such a superb financial safety net for those students who might not otherwise be able to afford university education.

The Chair (Ms. Soo Wong): Mr. Lightstone, I need to stop you here. I'm going to go to Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much. My question will be about the bachelor of education program. What was your intake in each of the last three years? Would you know that offhand?

Dr. Jack Lightstone: I'm sorry; I do not know it offhand. We have one of the larger bachelor of education programs in the province. Of course, because of the surplus of qualified teachers in relationship to the available employment opportunities—

Mr. Victor Fedeli: One moment. Did something change in the sound? I can't hear him anymore.

Dr. Jack Lightstone: I'm sorry; I hear you.

Mr. Victor Fedeli: Can you carry on?

Dr. Jack Lightstone: I think one of the things that has been happening, of course, as a result of the surplus of qualified teachers—as you all know, the number of students that each faculty of education in the province may take on has been cut in half and the program too, however, has been improved. There will now be a two-year teacher certification program in addition to the bachelor's requirements—the four-year degree.

Mr. Victor Fedeli: What was your reduction? Do you know offhand?

Dr. Jack Lightstone: I'm sorry; I don't have that statistic in front of me. Had I known I would be asked the question, I could easily have gotten it.

Mr. Victor Fedeli: Would it have affected your first-year enrolment in general bachelor of arts programs?

Dr. Jack Lightstone: Yes, because students are getting the message that getting into education programs is more difficult and that the jobs are not what they might have expected them to be, and so they're steering themselves away to other disciplines.

Mr. Victor Fedeli: Would you have any idea of the number of BA entrants that were reduced?

Dr. Jack Lightstone: Again, I have those statistics at the office but not with me.

Mr. Victor Fedeli: Can we ask that they be sent to us?

Dr. Jack Lightstone: Certainly.

Mr. Victor Fedeli: Thank you.

The Chair (Ms. Soo Wong): Mr. McNaughton.

Mr. Monte McNaughton: Thank you very much, Mr. Lightstone. I just wondered if you could talk a bit about some of the overall staff reductions at Brock University, if there have been any with the faculty.

Dr. Jack Lightstone: On the faculty or on the staff side?

Mr. Monte McNaughton: Sorry; on the faculty side.

Dr. Jack Lightstone: There have been no staff reductions on the faculty side.

Mr. Monte McNaughton: Okay. What about on the staff side?

Dr. Jack Lightstone: On the staff side, last year, in order to balance our budget, we eliminated close to 80 positions. However, more than half of those positions were eliminated by natural attrition, and less than half resulted in layoffs.

Mr. Monte McNaughton: Was it just due to the fact of changes in the funding? What was the reasoning?

Dr. Jack Lightstone: As you may well be aware, the universities in Ontario have all been facing financial challenges for a number of reasons, despite the tuition increases and enrolment growth that has provided extra funding, both through tuition and from government grants. So there have been enormous pressures in the aftermath of the great recession. There have been difficulties with pensions, as you know, around the province, and all of this has added to the budgetary load of the universities. We have an obligation to be accountable to everyone, including the Ontario public, to not run in the red, and so—

The Chair (Ms. Soo Wong): Mr. Lightstone, I need to stop you. Thank you very much for joining us this morning for the hearings. I just want to remind you that any written submission you want to share with the committee has to be submitted by Monday, May 25, by 9:45 a.m. Okay?

Dr. Jack Lightstone: The 25th?

The Chair (Ms. Soo Wong): This coming Monday by 9:45 a.m.

Dr. Jack Lightstone: Okay. Thank you.

The Chair (Ms. Soo Wong): Thank you very much. Have a good day.

ADVOCIS

The Chair (Ms. Soo Wong): The next presenter is Advocis, the Financial Advisors Association of Canada. Good morning. Welcome. As you heard, you have five

minutes for your presentation, followed by three minutes of questioning. This round of questions will begin with the government side. I have so many names here. I'm going to let you introduce yourself for the sake of Hansard.

Mr. Greg Pollock: Thank you. Good morning. Thank you for the opportunity to appear before you today. My name is Greg Pollock, president and CEO of Advocis, the Financial Advisors Association of Canada. With me is Ed Skwarek, our vice-president of regulatory and public affairs for Advocis.

Advocis members are professional financial advisers and planners, providing comprehensive financial advice to Canadians through all stages of their lives, including estate and retirement planning, wealth management, insurance strategies, tax planning, employee benefits, critical illness and disability insurance. Our members voluntarily adhere to a code of professional conduct and meet annual continuing education requirements. In addition, many of our members have continued their professional training and also hold specialist designations such as the CLU and the CFP.

Advocis supports initiatives by the Ontario government that will build Ontario up and assist all Ontarians in saving, building wealth and preparing for life events.

We are especially pleased with the government's commitment in its budget to look more closely at two key priorities that will assist in modernizing the financial services landscape in Ontario. I am referring to the government's creation of an expert panel to review the mandate of FSCO, the Financial Services Commission of Ontario, and related regulatory entities to ensure that all stakeholders, including consumers, benefit from an efficient regulatory environment.

The vast majority of our members are currently licensed as life insurance advisers through FSCO. Many of the problems identified in the Auditor General's recent report regarding FSCO's mandate can be eradicated very simply through this comprehensive review.

We are equally encouraged by the government's desire to review more tailored regulation of financial advisers through the appointment of a second expert committee. In fact, Advocis's Raising the Professional Bar consultation document provides the basis for what can be a very effective solution in ensuring that all Ontarians have access to consistently high-quality professional financial advice.

Interruption.

The Chair (Ms. Soo Wong): Please continue.

0920

Mr. Greg Pollock: We believe that expert panels have been established to look more closely at these issues and to properly identify regulatory gaps or problems that need to be addressed. This is the first step in developing any solution. Certainly, hard questions will need to be asked and answered, and Advocis is looking forward to working with the government through these consultations, as well as other stakeholders, to ensure that any changes will benefit consumers.

Without question, the world of finance is changing at an accelerating rate, and there is an absolute immediate need that we all ensure that Ontario take a leadership role in developing a new paradigm.

Advocis believes that product convergence between the various financial sectors is a direct market response to the demographic shift associated with an aging population and consumer trends in the marketplace. We believe that the market can very effectively provide solutions to consumer needs and wants, and when working harmoniously with government regulation and programs, the net outcome to Ontarians can be greater than the sum of the co-operative market-government solutions.

Financial advisers do not provide advice in a vacuum and they, too, are evolving and adapting to the changing environment around them and the needs of their clients. Accordingly, a very clear and continuing trend is towards dual-licensed advisers: advisers who are licensed by the government to provide advice in both the insurance and securities sectors. This cross-sector or holistic approach to the provision of advice means that the industry and government must determine if the existing regulatory alignment is appropriate.

Our sense is that change is needed—change that will recognize the critically important role that professional financial advisers play in the life of Ontarians. But change must not be made for change's sake alone. It must be well reasoned. It must set aside stakeholder self-interest, and we must focus on resolving the identified problems, as well as position Ontario as a global leader in ensuring that Ontarians have choice and access to professional financial advice.

The more prepared individual Ontarians are for their future financial needs, the less reliant they will be on government. This will allow the government to focus their precious resources on things such as health and education and growing the Ontario economy. In brief, it will assist government in achieving its clearly identified objective of building Ontario up.

Change must not come at the cost of limiting access to professional financial advice, nor must it result in additional regulation or layering of regulation. Duplication is not the solution. Accordingly, we believe that these two consultations must not just tweak the existing model but must recognize that the time has come for significant reform within the oversight of the provision of financial advice within the financial services sector.

In conclusion, today there are millions of Ontarians benefiting from advice provided by professional financial advisers. We believe that reform must recognize the value of this advice as one key element in the tool kit that will ensure Ontarians are properly positioned for a prosperous future.

The Chair (Ms. Soo Wong): Thank you very much. Ms. Hoggarth, do you want to begin the questioning?

Ms. Ann Hoggarth: Good morning. Thank you for your submission. I just wanted to say that we welcomed you here last week at Queen's Park. It was wonderful to meet with a group of your members, including someone

from Barrie. I just want to say that I immediately checked with my financial planner to make sure that they belong to your group, and they do.

Mr. Greg Pollock: Very good.

Ms. Ann Hoggarth: I would not have known that not everyone did if I had not had that meeting. I'm very pleased that that person is a member of your group.

I, too, believe that there need to be rules and regulations, as other professions are guided. It's for the safety of everyone—both sides.

Our government understands that financial and investment decisions confronting individuals are becoming increasingly important and complex. As a result, access to informed professional financial advice is important in order to ensure that investment decisions best serve an individual's financial goals and risk appetite. However, currently in Ontario no comprehensive regulatory oversight is in place to regulate the activities of those individuals, as you stated, on the strength of one of many available designations or certifications. They offer financial advice and planning services to the general public, and a lot of that public would be like me, who did not know that those guidelines were in place and those restrictions.

In light of this potential regulatory gap, the government committed to investigate the merits and the possible options for proceeding with more tailored regulation. I do understand that you've had multiple meetings with Minister Sousa about this.

Mr. Greg Pollock: Yes.

Ms. Ann Hoggarth: Can you speak to how regulating financial planners may benefit the financial planning sector in Ontario as well as individual customers?

Mr. Greg Pollock: Sure. Let me just maybe clarify a point here for everyone: Often the terms "financial advice" and "financial planning" are used interchangeably. There are a number of specialists within the financial advisory industry; there are estate and tax planners, financial planners, insurance advisers, investment advisers and so forth. Financial planning is one specialty within the overall financial advice industry. One thing we've been very clear on is, if we're going to improve professional standards for financial planners, we also need to improve professional standards for all financial advisers. We want to capture everyone so when you're in front of someone, you know that they are captured by that professionalism that we're speaking of here.

The Chair (Ms. Soo Wong): Mr. Pollock, I need to stop here so that we can get to opposition questions.

Mr. Greg Pollock: Thank you.

The Chair (Ms. Soo Wong): Mr. Fedeli.

Mr. Victor Fedeli: Good morning. When David and the gang were here last week, we met, and they talked about the professions model. Do you want to take a minute and just chat about that?

Mr. Greg Pollock: Sure. I'm going to ask Ed to make a comment on it. We did include a document there which is really just an outline of our proposal from a couple of years ago. Do you want to give some of the highlights?

Mr. Victor Fedeli: Literally one minute.

Mr. Ed Skwarek: Okay. The concept of the professions model is holistic. We want to capture everybody regardless of who they're licensed with, whether it's on the insurance side or the security side. We also want to impose what is currently voluntary: adherence to a code of ethics and conduct, to continuing education and to the continuing education being completely directed to ensuring that that standard of financial advisers is brought up.

Greg already alluded to the idea of specializations within financial advice. Indeed, that's what the continuing education can do: help educate the financial adviser about new products and new ways of dealing with clients and also how to develop specializations that will meet the needs of their particular clients as they grow.

Mr. Victor Fedeli: I found it fascinating—I think I would have fallen into the same category as virtually everybody in Ontario who did not understand that anybody can call themselves a financial planner. I can put a business card out this morning and have "Victor Fedeli, Financial Planner," and there's no regulator; there's nothing anybody can do about that—other than the fact that I would make a heck of a good financial planner. It was astounding to me that we're not there. You need to be certified to be a doctor or a nurse—all these other positions—but a financial planner, something that we hold so dear, and we put so much faith in the people, and there's no regulation.

Mr. Greg Pollock: What we're licensing today—just to be clear for everyone—is the ability to sell product. Individuals do have some knowledge and expertise in those products. There's absolutely no doubt about that. The consuming public should have some confidence with respect to that. But it's broader than that. There's lifelong financial advice that one requires; we outline it in this document in a very summary kind of format. It's really that lifelong advice from cradle to grave that these financial advisers are providing that's going to make the difference between success and non-success when it comes to wealth.

Mr. Victor Fedeli: I agree. Look, I think it's all about protecting the consumer at the end. I think they can sleep soundly in Ontario today, but there is always that lingering doubt, and we need to fix that.

Mr. Greg Pollock: That's our point. Thank you.

The Chair (Ms. Soo Wong): I'm going to turn to Ms. French.

Ms. Jennifer K. French: Hello, and welcome to Queen's Park. As my colleagues around the room have said, it was a great last week when we had the chance to connect with some of your members and better understand the important work that you do, especially when it comes to saving wealth and being prepared for an uncertain future.

I would like to comment on the expert committee. It does follow on the government's previous commitment to investigate the merits of proceeding with more tailored regulations of financial planners, introduced first in the 2013 fall economic statement and then reiterated in the

2014 statement. Do you have any insight as to why it has perhaps taken this long?

0930

Mr. Greg Pollock: I don't have any specific insight, but I would say that it is a complex area. When you have FSCO overseeing the licensing of insurance advisers, you have IIROC and MFDA delegated by the Ontario Securities Commission to oversee the licensing and ongoing behaviour and performance of mutual funds salespeople and securities registrants, it is complex. I think it's getting all those parties to really understand what their role is in the overall process, and how can we integrate it more easily? I suspect that has been the challenge for the government.

Ms. Jennifer K. French: Thank you. Maybe to further that point—but to comment on something that you had said earlier regarding the dual-licence advisers, both the insurance and securities sector, you had said that that means that industry regulatory alignment is needed and it would need to be well reasoned, I think you said.

Mr. Greg Pollock: Right.

Ms. Jennifer K. French: You also said that it must focus on resolving identified problems. Could you expand on what some of those identified problems would be?

Mr. Greg Pollock: What we have found is that some of the regulators—and I won't be specific with respect to which ones—when they are out supervising, in effect, the licensees that they've licensed, some of the things that they're investigating and reviewing and so forth, in our mind, really don't speak to professionalism. It's all about these very, very specific rules—"Have you crossed this 't' and dotted that 'i'?"—as opposed to really stepping back and really using good, professional judgment when it comes to the carriage of this individual's investments and looking at their future financial needs. That role of professionalism, in our view, is not what's being addressed today. It's more about, "Have you filled out this form correctly?", and if you have, tick, you're done, and you must be good to go. Well, no; it's much more than that. It's much more than that.

The Chair (Ms. Soo Wong): Ms. French, just one more minute.

Ms. Jennifer K. French: Thank you.

I don't know whether you said you're looking forward to or you're hoping to continue to work with the government during consultation. What would you like that to look like?

Mr. Greg Pollock: I would hope that, during the process, there will be extensive opportunity for consultation, particularly from the financial adviser community. What we often find is that people will say, "There has been consultation with the industry." Often, the industry has been the manufacturing companies or the insurance companies and the fund companies and so forth, or it might be the dealers themselves who really are the members of IIROC and the members of the MFDA. But the advisers themselves, the 40,000 independent advisers here in Ontario, often don't have that voice to really bring forward their, I guess, experience of being across the table with clients eyeball to eyeball. We want to bring that forward and talk about that.

The Chair (Ms. Soo Wong): Mr. Pollock, thank you very much for your presentation. We thank both of you for being here.

INTERACTIVE ONTARIO

The Chair (Ms. Soo Wong): The next group before us is Interactive Ontario: Christa Dickenson. Good morning.

Ms. Christa Dickenson: Good morning.

The Chair (Ms. Soo Wong): Ms. Dickenson, as you've heard, you have five minutes for your presentation, followed by three minutes of questions from each caucus. This round will begin with the official opposition party. You may begin any time. Please begin by identifying yourself and your position with your organization.

Ms. Christa Dickenson: Thank you, Ms. Chair. Good morning and thank you for the opportunity to be here and address this committee. It's a pleasure for Interactive Ontario.

My name is Christa Dickenson and I'm the executive director of Interactive Ontario. I'm going to begin by providing some background information on our industry, Interactive Ontario, and then I'll spend the remainder of my time focusing on the measures that were contained in the Ontario budget.

Interactive Ontario, for those of you who do not know, is a not-for-profit, non-partisan trade association, representing in Ontario all of its interactive visual media industry. Most often when people hear the term "interactive digital media," they equate it to video gaming. Gaming is where, indeed, our industry began and evolved and it is an important part of our sector, with tremendous leaders who compete around the world. But in Ontario, IDM is much more than just that. Two thirds of our industry is actually comprised of different types of IDM, including e-learning, mobile app development, augmented reality, virtual reality, transmedia, and so much more to come in the future.

Over 10 years ago, our industry was in its infancy, with just a handful of companies. Thanks to the measures by provincial governments of all stripes, our industry has grown considerably.

Consider this: For instance, our industry employs 17,000 full-time-equivalent employees in highly skilled and highly paying jobs. Many of these jobs are aimed at young people who have the latest skill in IDM development. Our industry now generates over $1 billion for our provincial economy, and Ontario interactive digital media developers are exporting products to the tune of $1.25 billion worldwide. Today, our organization, Interactive Ontario, represents over 300 member companies.

In recent years, Ontario has become a world leader, an innovator, in the IDM space, with developers winning numerous international awards as well as commissions. While we have brilliant talent, this would not be possible

without the support of the OIDMTC and support of progressive policies from the provincial government.

A lot of people think that our companies are based exclusively in Toronto. We do have a large amount in Toronto, but we spread the span of the province, from Ottawa, Sudbury, Kitchener-Waterloo, Hamilton, Niagara, St. Catharines.

Among the handouts you've received is something that I would really like to talk about, which is to bring to life what it is that our industry does do, so I've brought with us one example. It is entitled Painted Land: In Search of the Group of Seven. It is a project that was created by one of our member companies here called Digital Howard. It delivers a dramatic, first-person video-based interactive flight over the lakes and treetops of Group of Seven country: Algoma, Ontario. As they travel on a monorail-style loop through autumn-leaved canyons and lakes, viewers can step off at any time during that flight at any point to explore any of 20 of the paintings that the Group of Seven created and actually see where they're hung, virtually, and be able to see the paintings in context.

Painted Land digital is the digital companion to a feature-length documentary of the same title, created for TV Ontario, CBC and the CTS.

Let's talk a little bit about the budget. The Ontario budget introduced a variety of changes to the tax credit policies for Ontario creative service industries, including the Ontario IDM sector, in an effort to achieve savings as well as balance our budget.

Over the last several months, we, Interactive Ontario, and our industry at large have worked with the province to find ways to achieve these savings and to ensure that, at the same time, our IDM industry is able to grow.

I'm pleased to say that Interactive Ontario supports the measures contained in the 2015 Ontario budget, which will ensure that core Ontario IDM companies are able to grow, to continue to invest, to hire more young people, and to make Ontario an innovation centre that can compete on the world stage.

The budget measures will also achieve significant savings for this province. We support the government's decision to narrow the eligibility of the tax credit to bona fide IDM creators.

We as well support the province's decision to renew and double the interactive digital media fund. We support the changes to the 90% rule, which was incredibly cumbersome in the OIDMTC, which will create better certainty and speed up the processing of the credit for our developers. These are all important measures that will achieve savings and concentrate support for our bona fide IDM creators.

Can we go a bit further? We think so, and we will continue to work with our province to eliminate some of these barriers that inhibit innovation and collaboration.

While the industry has achieved much, as I said, we can get bigger, we can get stronger and hire more people if we can remove those remaining barriers in the tax credit that prevent Ontario companies from collaborating amongst themselves. When we work together, we are stronger. To that end, I'd like to thank all the officials who worked with us during these last several months from the Ministry of Tourism, Culture and Sport, the Ministry of Finance and the Treasury Board.

With that, I'd be pleased to take any of your questions.

0940

The Chair (Ms. Soo Wong): Thank you very much. I'm going to turn to Mr. McNaughton.

Mr. Monte McNaughton: Thank you very much. I wondered if you could explain to the committee the exact changes in this tax credit for the industry and exactly what the amount of the cut actually is.

Ms. Christa Dickenson: I can't speak for finance as to the exact dollar amount of the tax credit, but I certainly can speak to the changes within eligibility, which is where it primarily was. It was a tax credit that was about inform, entertain and educate. They've removed the "inform" piece; that speaks to a lot of websites, in effect. Ten years ago, if you thought of IDM, it was a website. That's part of the answer, and there's much more.

Mr. Monte McNaughton: Obviously, there are some losers in this decision. Could you explain why, essentially, you're supportive, and why some others may be opposed to these changes?

Ms. Christa Dickenson: I think it's a really, really difficult delineation to make, because IDM is constantly evolving. That's where there is such complexity. We want to make sure that associations that are IDM creators were eligible and they remain eligible for the most part.

Mr. Victor Fedeli: Thank you very much. We heard from Julie Allen of Fuel Industries in Ottawa when the pre-budget committee went, and she warned us about this. Why would you think it would be important to narrow that funding, when your members—inclusive of all of them—are not supportive of that?

Ms. Christa Dickenson: At the end of the day, there are quite a number of outliers—and that's the term that's been used generally—that were accessing this tax credit, and that's why we keep on really emphasizing "bona fide IDM creators." People outside of that were accessing the tax credit because the language was out of date.

Mr. Victor Fedeli: Isn't that how they become bona fide members, by starting off small and growing into it?

Ms. Christa Dickenson: No. It's not a matter of the size of the company as it is what type of company. Are you there to inform, entertain and educate? Now, companies that are eligible are entertaining and educating under the age of 12.

Mr. Victor Fedeli: So "inform, entertain and educate" is now "entertain and educate"?

Ms. Christa Dickenson: "Educate under the age of 12."

Mr. Victor Fedeli: Educate—

Ms. Christa Dickenson: Under the age of 12.

Mr. Victor Fedeli: Under the age of 12.

Ms. Christa Dickenson: In effect, it was trying to eliminate companies that are potentially doing some virtual IDM for corporations, for their employees, versus

really fostering the growth of a cultural sector, and one that is growing at a rate of 17% compounding year over year.

Mr. Victor Fedeli: So the one that does the informing is the one that's removed?

Ms. Christa Dickenson: Correct.

Mr. Victor Fedeli: And you're fine with that?

Ms. Christa Dickenson: For the most part. It's very hard, but we really do feel that in the conversation we landed at a good spot.

The Chair (Ms. Soo Wong): Ms. Dickenson, I need to turn to Ms. French for the next round of questioning.

Ms. French?

Ms. Jennifer K. French: Thank you and welcome to Queen's Park. We're pleased to have you and your voice in this. It's interesting; you talk about the industry beginning in gaming. My brother is in the gaming industry. My father used to say it wouldn't go anywhere; my father is wrong—only in this, though.

I would like to comment on a few of your points. I think it's interesting—to my colleague's point about "entertain and educate" with limits: Coming out of education, of course, "inform and educate" would be where I would imagine we would want to go. When you talk about brilliant talent and working with progressive government initiatives or progressive policies, and about the growth of the industry and who would have guessed that video games, back in the day, could lead to such a vast industry now, what do you mean by "bona fide IDM creators"? What does it take to get there, and how, if we limit the ability for an outlier to become the new mainstream, to become the next big thing—could you walk me through that, please?

Ms. Christa Dickenson: Yes. We have a lot of web developers, graphic designers and coders that are all coming out of our fantastic academic institutions here in Ontario—big applause there. What we're making sure is that companies such as a florist or a pharma or a funeral home are not accessing this credit when they are already a very well established company that doesn't necessarily require the support.

We really are a growth industry, and the ICT sector is an area where, at the end of the day, internationally it's one of the top six areas that's constantly being focused as the area to focus on as far as import and exports and trade.

The Chair (Ms. Soo Wong): Ms. French, you have one more minute.

Ms. Jennifer K. French: Thank you. In your note, you said, "hire more people if we can remove the remaining barriers in the tax credit that prevent Ontario companies from working together." In what way does the tax credit prevent companies from working together?

Ms. Christa Dickenson: Ms. French, right now it's an Ontario labour-based credit. We're happy about that. However, the 80%-25% rule replaced the 90%, which is—

Ms. Jennifer K. French: You said "cumbersome."

Ms. Christa Dickenson: The 90% rule was very cumbersome as it was "created by"—however, it excludes co-production. So if you have French Productions and I have Dickenson Productions, we can't work together on a project, like if I was coding and you were doing the animation. That is unfortunate and that is an area where we would like to see some changes in the future.

The Chair (Ms. Soo Wong): Ms. Dickenson, I'm going to go to the government side. Mr. Delaney or Mrs. Albanese?

Mrs. Laura Albanese: First of all, thank you for presenting to our committee today—

Ms. Christa Dickenson: You're welcome.

Mrs. Laura Albanese: —and for your very thorough presentation.

I also thank you for stating that you have been supportive of the changes that our government has brought forward. I'm pleased to hear that you were able to work to reach a good agreement and a solution thus far, although more work needs to be done.

I was wondering if you could, in general, speak a little more about the positive impacts that this enhanced fund will have on the industry here in Ontario.

Ms. Christa Dickenson: The IDM fund?

Mrs. Laura Albanese: Yes.

Ms. Christa Dickenson: The wonderful thing about the IDM fund is that it really is a solution for unique and new creations to tap into funds that are needed to foster that growth and innovation. The IDM fund in the past had not been truly funded and was being pulled from the OMDC reserves, so now this is a commitment that the IDM fund is renewed. Not only that, but the commitment has been doubled, from $3 million to $6 million, in this fiscal, with the next fiscal being $10 million and the understanding that it will continue at that rate. That is a great measure of understanding our importance and where our industry is going, so it was good to see. Thank you.

Mrs. Laura Albanese: You did mention that, following the fall economic statement, your organization has worked closely with the ministry and with the staff, so I'm just wondering if you feel that the concerns were heard enough. I know you mentioned that you would see some further work done on co-production. I'm just wondering if it was a satisfactory experience.

Ms. Christa Dickenson: You know what? Absolutely. I must say that I think our industry really understood and accepted the fact that there is a significant deficit that this province needs to address. So there's a reality that we have to work collaboratively together. The dialogue was very healthy.

Without going into the minutiae of it, it is one of the most complicated tax credits; therefore, the administrative burden is so great that it has a backlog of over a year and a half to just understand if you've been assessed and accepted before you even see the tax credit, receiving those dollars. Therefore, to be able to work together to alleviate that is a huge success story, and it cannot be undermined.

Mrs. Laura Albanese: Thank you very much.

The Chair (Ms. Soo Wong): Thank you, Ms. Dickenson, for your presentation.

0950

MR. VERDON VAILLANCOURT

The Chair (Ms. Soo Wong): The next presenter before us is Verdon Vaillancourt. Thank you. Welcome, sir. Good morning.

Mr. Verdon Vaillancourt: Good morning.

The Chair (Ms. Soo Wong): As you heard, you have five minutes for your presentation, Mr. Vaillancourt, followed by three minutes of questioning from each caucus. I believe this round is beginning with the official third party. You may begin any time with introducing yourself for the purpose of Hansard.

Mr. Verdon Vaillancourt: Okay, thank you. Hi; my name is Verdon Vaillancourt. Just speaking as a private citizen from northern Ontario. I want to express a few concerns about the budget on the table.

I guess, first, with apologies to my very worthy local representative, Mr. Fedeli, I am a long-time Liberal supporter. Sorry, Vic.

Mr. Victor Fedeli: We can all be forgiven one mistake.

Mr. Verdon Vaillancourt: Which is why it kind of surprised me to see a budget being brought forth that really seemed quite conservative in nature. I'm not going to speak to every aspect of that—

Interjection.

Mr. Verdon Vaillancourt: Yes, I'm sure that's quite good for Vic. I won't speak to every aspect of the conservative elements of that budget, but I will speak to a few. I think I'll preface it a bit—even in your own preface to the budget it's acknowledged that the Ontario economy is doing fine right now. It's really in pretty good shape. Corporate profit margins are at a 27-year high. So there should be no reason for a serious lack of money. I don't want to bring up the topic of why the government doesn't have enough money, other than to mention it probably has to do with corporate taxation. That's another issue.

What I do want to talk about, though, is privatization. You won't hear that word in the budget, but it is there and it's cloaked in other terms, terms such as "unlocking the value of provincial assets"; "broadening ownership," when in fact the opposite of that is happening: the narrowing of ownership. If Hydro One were to be sold, it would be put in the hands of a few private individuals or corporations instead of the hands of every citizen of Ontario.

As a northerner, I live the results of previous privatization every day, particularly in the winter. We've seen what has happened to the condition of northern roads since the MTO no longer looks after them and that has gone into private hands. I drive Highway 11 north, north of North Bay, every day to get home from work. Almost without doubt, if we have snow, the highway is closed. There are accidents on a weekly basis—numerous deaths and numerous injuries. That's well known. Privatization, most of us up there believe, is a direct cause of that.

Another example, I think, of privatization: As grateful as we are in Nipissing for our new hospital, which was an early P3 experiment, it was only open a couple of years before major layoffs started to occur and beds started to close. It didn't really make a lot of sense. I believe we actually have probably fewer beds then we had at the previous two old hospitals. So I don't think it's a model that really worked. I do understand that it was an effective way to get the project off the ground in times when public monies were tough. I'm not convinced it was a good long-term solution.

The privatization I'm really concerned about at the moment, though, is Hydro One. I live in a rural lot. Hydro is my only option for heat other than a wood furnace, and seeing how I don't have fire hall protection, a wood furnace isn't a good idea. My hydro bills are already very extreme. I have a modest country home and my hydro bills for December, January, February and March were all over $600. I don't mind paying a little more; I understand that Ontario's hydro rates are quite high and some of that has to do with green energy initiatives. I'm willing to pay my share of that for future generations.

I'm concerned that the privatizing of Hydro One is going to make that situation even worse. I believe, with 60% of it becoming private, their only possible motive is to increase profit. That's why people are in business. I do understand that too, but I think any revenues from such an important public infrastructure should belong to the people of the province, go back to the budget of the province and should not go into private hands for private profit. I don't see how that will possibly improve the rates that we pay in Ontario. It's not the mandate of most boards to minimize profits; I think it's quite the opposite.

Selling it, I think, for a short-term gain, is short-sighted. I really don't think it's a solution. The amount of money, I believe, that's being talked about in the sales of that is $6 billion, I think, which certainly, to me, is an awful lot of money. To the size of the Ontario budget, though, and the infrastructure needs moving ahead, particularly southern Ontario transit, that's not a lot of money. It's not even really going to have a major impact.

The Chair (Ms. Soo Wong): Mr. Vaillancourt, can you wrap up?

Mr. Verdon Vaillancourt: I will wrap up. I thank you for the opportunity to speak. I'm a little impassioned; I'm a little nervous.

I am speaking here for myself and on behalf of my neighbours and co-workers. We've talked about this. We all feel the same way. I believe two thirds of people in Ontario who have been polled have said that this is a bad idea, so I do hope that you will reconsider the privatization of such an essential bit of public infrastructure as Hydro One.

The Chair (Ms. Soo Wong): Thank you. You're doing just fine.

Ms. French, do you want to begin the questioning?

Ms. Jennifer K. French: Mr. Vaillancourt, we welcome you to Queen's Park. Thank you for making the trek and, certainly, thank you for bringing your voice to this. As you said, you might be a little impassioned and a little nervous; well, I think it's fair to be totally fired up over this, and more than a little nervous. As you said, you think two thirds are opposed to the sell-off of Hydro One. In Oshawa, where I hail from, we just did a recent poll, and it's 89% opposed to the sale.

To some of your points: As you had said, where you live, on a rural lot, you're limited in options—hydro is the only option. Could you tell us why you think that privatizing Hydro One would affect your rates, and what you could imagine they would be if you're already looking at over $600 a month in the winter?

Mr. Verdon Vaillancourt: Just in the very nature of private corporations, they exist to maximize profit, so I don't see how it could possibly have a positive impact on my rates or my neighbours' rates.

I spent much of my life self-employed, so I understand the need for business to make money. I don't have an issue with that. This is public infrastructure, though. I think that's an entirely different beast, and I think that, as government is different from business, the priorities are more than just maximizing profit. Government also has a social responsibility, and I believe that Hydro One has a social responsibility while it is a public corporation. I believe that when it's a majority-controlled private entity, it will not have the same mandate. That's just the nature of the business.

Ms. Jennifer K. French: And as you said, the revenues should belong to the people of Ontario.

We're hearing so much about the sell-off of Hydro One as the only way to pay for infrastructure. I will point out that in the Great Depression, we didn't sell off hydro. We were in worse shape then, and we were able to make decisions at that time. What are your thoughts on the fact that Bill 91 doesn't actually require that Hydro One proceeds, or any of the revenue from the sell-off, go into the Trillium Trust or be spent on infrastructure, that there's no guarantee? What are your thoughts on that?

Mr. Verdon Vaillancourt: I'll paraphrase a little. To my understanding, on a per capita basis, there's more money in Ontario now than there ever has been. During times in Ontario when we had considerably less money per person than we have now, we built the 400. We built all the major infrastructure in the province.

Public transit in southern Ontario is absolutely crucial and critical. I do believe that. It's a way of moving ahead and distancing from our carbon-based economy. We need better public transit—agreed. As a northerner, I don't even mind contributing to that, but I don't think the sale of Hydro One is the way to go. I don't think it's going to do enough money to really do that.

I think that if we need to raise more monies, then we should consider minor increments in corporate tax structure, perhaps, which are at an all-time low. I've got a couple of numbers that I don't want to quote, but I believe we have some of the lowest corporate tax rates in the G7, in the G20. I think there's room to move there that would raise considerably more money.

The Chair (Ms. Soo Wong): Ms. French, one minute.

Ms. Jennifer K. French: With the sell-off of Hydro One, I think that would result in 3% toward the infrastructure projects. The government, I'm sure, will correct me if I said that wrong. How much of that proposed infrastructure do you expect to see up north where you are?

Mr. Verdon Vaillancourt: None.

Ms. Jennifer K. French: Okay.

The Chair (Ms. Soo Wong): Mr. Vaillancourt, I'm sorry. I have to go to the government side. Dr. Qaadri?

Mr. Shafiq Qaadri: Thank you very much, Mr. Vaillaincourt, first of all, on behalf of the members of the committee on the government side and also on behalf of the government in general.

At the outset, I would urge you to continue to listen to but not be won over by your local MPP. We always want to have to hear what the opposition has to say and then move forward from there.

1000

I can't resist but just to interject for a moment: Our colleague from the third party Ms. French, when she said that we did not need to build infrastructure after the Great Depression. I'd just respectfully remind her that the country actually went to war to alleviate the issue of the Great Depression.

You've had a number of interactions in the public sphere. I would commend you—for example, I believe you commented on a Fraser Institute report against their support of burning coal. So I can see that you have an environmental sensitivity, a sensitivity that we in the government share.

Mr. Verdon Vaillancourt: Yes.

Mr. Shafiq Qaadri: I understand that you are a programmer analyst at Nipissing University.

Mr. Verdon Vaillancourt: That is correct.

Mr. Shafiq Qaadri: I'm sure that you can appreciate what the government is doing in terms of its funding not only for universities in general but, for example, the 30% tuition decrease you're hearing probably endlessly today and certainly yesterday during our committee hearings about the support of the digital media space and I'm sure some of those collateral benefits will accrue to you in your own field.

We take what you have said with respect. You're very measured and thoughtful and sensitive, especially since it's all in the family, and will take it with advisement. We have to say, though, that there are a number of deficits. There is a financial deficit, as you've cited.

You have spoken very well about the corporate success or lower corporate tax rates, and of course that's a deliberate initiative of the government. As you'll know, Ontario, for the second year in a row, continues to be the leading attracter of foreign direct investment across North America, and that's probably a pretty astonishing thing to say—not just Canada but North America, meaning beyond New York, beyond Michigan, beyond

California. This is a very significant achievement. It's now approaching something in the order of about $7 billion, and I think you can appreciate very well with your academic-type background that that benefit spills over into many, many different fields, including helping us to address what's not only—

The Chair (Ms. Soo Wong): Dr. Qaadri, I'm very sorry, but we have to stop there. I'm going to go to Mr. Fedeli.

Mr. Shafiq Qaadri: Thank you.

Mr. Verdon Vaillancourt: Could I just respond to that very briefly?

The Chair (Ms. Soo Wong): Very briefly.

Mr. Verdon Vaillancourt: I fully appreciate the attraction of foreign money and investors coming to the province on business. I do believe, though, that they should help to pay for the infrastructure that is bringing them there in the first place, just as I do.

The Chair (Ms. Soo Wong): Mr. Vaillancourt, I'm going to turn to Mr. Fedeli.

Mr. Victor Fedeli: Mr. Vaillancourt, thank you very much for being here. You say you live in the country. What area, just so I have a better idea—

Mr. Verdon Vaillancourt: Cooks Mill Road up near where the psychiatric hospital used to be.

Mr. Victor Fedeli: Yes, yes.

Interjection.

Mr. Victor Fedeli: Yes. Well, it's too far out of the way, as you would know.

Speaking of Cooks Mill Road, you first opened up talking about winter road maintenance. Look, I have to agree. I think it's been awful. I stood in the Legislature back in 2012 when we got back from the winter break and talked about how something had changed. It just felt different. I didn't feel safe on the road.

Mr. Verdon Vaillancourt: Yes.

Mr. Victor Fedeli: Did you feel that?

Mr. Verdon Vaillancourt: Absolutely.

Mr. Victor Fedeli: It wasn't just in our minds; we felt different. I asked for a coroner's inquest because we had, as you remember, 10 deaths in our area in eight days, all from people under the age of 20, from eight years old to 19, actually—10 deaths.

The Auditor General, just a couple of weeks ago, came out and talked to us, and she clarified, to be quite frank, that it wasn't the privatization aspect; it was a major change in 2009 that was done by the government to save $36 million. That's when the difference came. They took the local jurisdiction over what was happening with the roads. They took that away in 2009 to save this $36 million and let the contractors sort of govern themselves—

Mr. Verdon Vaillancourt: Oversight is the issue, yes.

Mr. Victor Fedeli: It was. You're absolutely right, Mr. Vaillancourt. Oversight was the issue.

So, to your point about privatization, in this particular case I think it's been working reasonably well for the first nine years, but it really just fell apart when the government changed the way the oversight was done and knowingly—knowingly—they would get the reports from the field officer saying, "This isn't working." You and I drove those northern roads. Try to drive to Marten River, and you know exactly what I'm talking about. It was an awful consequence.

I just wanted to clarify that little point—

Mr. Verdon Vaillancourt: I appreciate that.

Mr. Victor Fedeli: —that it was not my verdict. It was the Auditor General who came out and gave us that report.

Mr. Verdon Vaillancourt: I think it's easier to oversee your own employees than it is to oversee somebody else's employees.

Mr. Victor Fedeli: With respect to Hydro One, I also want to make a clarification. I know that the government talks a lot about using this Hydro One sale for infrastructure or transit. It's a shell game, Mr. Vaillancourt. It is a shell game. In the 2014 budget the same $130 billion was announced, and there was no requirement of this $9 billion from a hydro sale. At that time they talked about only needing $3.1 billion, spread over four years, to make that $130 billion work. This is all about ostensibly putting the hydro sale money into transit, but taking the transit money that's already there out and using that to bail themselves out. That's the impression we're getting from the Auditor General and the other people who are performing the oversight.

Mr. Verdon Vaillancourt: I think also that there's a lot of overseeing of Hydro One right now that will all be gone if it becomes a private corporation.

Mr. Victor Fedeli: You're absolutely correct. I brought that to the Legislature on the 28th and 29th of April. I brought that, and now those eight governing officers have collected and written a collective letter—

The Chair (Ms. Soo Wong): Mr. Fedeli, I'm very sorry; I have to stop you here.

Thank you, Mr. Vaillancourt, for being here.

CONSULTING ENGINEERS OF ONTARIO

The Chair (Ms. Soo Wong): Our next presenter is the Consulting Engineers of Ontario. I believe there is a delegation: Mr. Barry Steinberg and Mr. David Zurawel. Thank you. The Clerk is coming around with the written submission to us.

Good morning. Welcome. As you heard, sir, you have five minutes for your presentation, followed by three minutes of questioning from each caucus. This round of questions will begin with the government side. You may begin any time. Please identify yourself for the purpose of Hansard.

Mr. Barry Steinberg: Good morning. Thank you very much. My name is Barry Steinberg and I represent the Consulting Engineers of Ontario. Good morning, Madam Chair and members of the committee. Thank you for the opportunity to speak to you this morning as you consider this year's budget, Bill 91, the Building Ontario Up Act, 2015.

Once again, for those of you who don't know me, I'm Barry Steinberg, chief executive officer of Consulting Engineers of Ontario, more commonly known as CEO; and yes, that makes me CEO of CEO.

The committee's deliberations on this year's budget act are important for a number of reasons. Most significantly, it represents a multi-year commitment to rebuild Ontario's prosperity. Where 2014's budget emphasized investment commitments to take in hand the economic and social dilemma perpetuated by Ontario's infrastructure deficit, this year's financial plan focuses on implementing those commitments.

Ladies and gentlemen, while important debates will be had about how Ontario is going to finance and, even more importantly, deliver the proposed 10-year, $130-billion infrastructure plan, I think we can all agree on the urgency of the problem confronting our communities, our economy and our future prosperity.

Ontario is being stifled by the infrastructure that is deteriorating right in front of us. We have gridlock on our roads and highways. Our transit systems don't have the capacity to serve as viable alternatives. Our water and waste water systems are suffering the neglect of deferred maintenance, and this is after the province has already invested $100 billion since 2003.

CEO maintains that to successfully tackle the infrastructure deficit, government must now focus on developing the plan to maximize the value and potential of its commitments. Ontario must expand its use of dedicated revenues for specific classes of infrastructure assets. We were pleased to see that the government recently unlocked an additional $2.6 billion from public assets to invest in transit and transportation infrastructure, allocating these funds to the Trillium Trust. It is CEO's position that dedicated funding envelopes should also be created for water and waste water and other infrastructure priorities.

To complement these dedicated funds and to unlock greater value for taxpayers, CEO maintains that the province needs to follow Metrolinx's example and commit to piloting the best practice procurement model of qualifications-based selection for critical engineering services. I'm happy to entertain questions on QBS.

1010

Finally, and equally important, Ontario must also try to cement an infrastructure planning and investment partnership with municipal and federal levels of government. I'm on record as having called for the federal government to come to the table. By taking these steps, the province can gain greater value from its infrastructure investments and achieve its prosperity objectives.

Thank you again for the opportunity to speak to you this morning, and I'd be pleased to take any questions you have for me.

The Chair (Ms. Soo Wong): Thank you very much, Mr. Steinberg. I'm going to get Mr. Milczyn to begin the first round of questioning.

Mr. Peter Z. Milczyn: Thank you, Mr. Steinberg. It's always a pleasure to have you and the engineers here at Queen's Park.

One of the comments that you made really struck me as getting to the heart of the purpose of much of what's in this budget. You spoke about how infrastructure spending is helping to rebuild Ontario's prosperity. Could you maybe speak a little bit to the situation we had 10 or 15 years ago in terms of infrastructure investments versus what the plan and the actual spending is now, and what the impact of that is, both on your profession but, more importantly, for Ontario?

Mr. Barry Steinberg: I don't think that there's any doubt that infrastructure spending is at a higher level than it was 10 or 15 years ago. As I said in my presentation, I commend the government for helping to do that. I think that infrastructure spending will help to improve our economy in a number of different ways. First of all, roads and highways move goods, and that stimulates economic activity and growth. We believe that we need to get single-destination cars off the road by using better transit. Transit, as an example, in the city of Toronto, in my opinion, is 75 years behind. I've long thought that that was pathetic and it's about time that that change is made. I've also stood up, on record, on television, on radio and said that the federal government needs to come to the table.

By creating infrastructure projects that are in the best interests of our economy and the best interests of the people of Ontario, we are creating jobs—maybe not all permanent jobs, but we are creating jobs that weren't there nonetheless. Those jobs create a tax base. That tax base makes a further contribution. But we need to understand, as I've said before, that we have to have dedicated revenue streams to help us finance our infrastructure deficit.

The Chair (Ms. Soo Wong): Mr. Steinberg, I need to turn to the opposition side for the second round of questions. Mr. McNaughton?

Mr. Monte McNaughton: Thank you, Barry, very much for your presentation. I see David at the back of the room too. Welcome, today, to the committee hearings.

I wanted to just ask a couple of questions. In your presentation—and this goes to what you just said as your last statement, that Ontario must expand its use of dedicated revenues for specific classes of infrastructure assets. Could you explain that statement exactly? Are you talking specifically about water and waste water, or all infrastructure projects?

Mr. Barry Steinberg: I used water and waste water and other assets as examples in my presentation. We can see that there has been a move towards helping transportation and transit, and we certainly appreciate that. As an example, depending on where you are in Ontario, 20% to 40% of the water being pumped to homes and businesses in this province is being lost through leaking pipes. We're losing the water. We're deteriorating other infrastructure assets by leaking water, and just think of the amount of energy that is used to pump that water to the place where it's leaking. That energy is lost.

Mr. Monte McNaughton: So you'd like to see dedicated revenues for specific infrastructure projects, I guess, or needs.

Mr. Barry Steinberg: Yes. At this point in time we don't believe that a lot of these revenue-generating approaches should go into general revenues. We believe that they should go into dedicated revenue streams.

Mr. Monte McNaughton: Secondly, I wondered if you could expand on what you're advocating for as far as the province of Ontario following Metrolinx's example and committing to piloting the best practice procurement model.

Mr. Barry Steinberg: This is an implementation issue. When we spoke to the committee prior to the budget, I mentioned that, and I mentioned it in a little more detail.

The best practice in the selection of engineering or architectural services—design services—is called QBS, or qualifications-based selection, and it focuses on the qualifications of the proponents. It focuses on their ability to do the work and their ability to be innovative in the true sense of the word, not the "innovative" that is in some ways modified by some of the approaches that we use today. It focuses on selecting, through a scoring system, the best firm, if you will, to do the jobs, and then on entering into a partnership with them to create the scope of work that best serves the people of this province, to ensure that the engineering is done correctly. If it is, then the construction costs, the maintenance costs and the operating costs of that asset will decline.

Mr. Monte McNaughton: And the province isn't doing that today?

Mr. Barry Steinberg: There are some places that it's being done, but it's not the province itself, no.

The Chair (Ms. Soo Wong): Mr. Steinberg, I'm going to turn to Ms. French for the last round of questioning. Ms. French?

Ms. Jennifer K. French: Thank you very much, Mr. Steinberg, for joining us today at Queen's Park.

Mr. Barry Steinberg: My pleasure.

Ms. Jennifer K. French: I appreciate hearing your comments on this, and clearly your expertise, so thank you for bringing that to us today.

I have a few questions. What are your thoughts on the fact that in Bill 91, it isn't guaranteed—it doesn't require that Hydro One proceeds, or any of the revenue from the sell-off, go into the Trillium Trust, or that it even be spent on infrastructure. The exact words are "make the proceeds of any such disposition available to be appropriated for any government of Ontario purpose," so not limited to infrastructure. What are your thoughts on that? Do you have concerns?

Mr. Barry Steinberg: I understand what you're saying. It's my understanding that the Premier has committed that $2.6 billion from the sale will be going to the Trillium Trust for transit and transportation. In terms of the actual wording in Bill 91, if I had a choice, it would be more—

Ms. Jennifer K. French: Ironclad?

Mr. Barry Steinberg: Pardon me?

Ms. Jennifer K. French: Sorry; I shouldn't—

Mr. Barry Steinberg: It would be more specific. But we would naturally take any Premier or minister at their word.

Ms. Jennifer K. French: I'm glad that you feel that you can be in a position to do that. In my role, I have to push.

Mr. Barry Steinberg: I appreciate that, but I have no choice.

The Chair (Ms. Soo Wong): Ms. French: one minute.

Ms. Jennifer K. French: Okay. In the pre-budget consultations, you promoted the use of alternative financing and procurement. Do you think that the government has properly acknowledged the issues raised in the Auditor General's report on alternative financing and procurement? And, if so, how has the government addressed these issues?

Mr. Barry Steinberg: Well, I must go on record as saying this in a very neutral way: I think the government has come out as simply not agreeing with what the Auditor General said. I think they've used an approach to explain what they think are the facts.

CEO has been involved with Infrastructure Ontario in a number of ways, discussing the AFP process. I think that there are a number of assets, in particular hospitals, that would not have been delivered had it not been for the AFP process, and we acknowledge that.

However, we have gone on record as saying that alternative financing and procurement is not a panacea. It is not perfect. It does present problems for us; they're related to a number of areas. So while I can't speak specifically about the Auditor General's report, because it has been disputed by the government, I would say that we are always working together with Infrastructure Ontario to ensure that the process works in the best interests of the people of Ontario.

The Chair (Ms. Soo Wong): Mr. Steinberg, thank you very much for your presentation.

Mr. Barry Steinberg: Thank you very much. My pleasure.

ONTARIO TRIAL LAWYERS ASSOCIATION

The Chair (Ms. Soo Wong): The next group before us is the Ontario Trial Lawyers Association. Good morning. I think we have a delegation here.

I'm not going to introduce all of you because I only have two names here, so I'm going to let you introduce yourself.

1020

As you heard earlier, your presentation will be five minutes, followed by three minutes of questioning from each caucus. I believe this round of questioning will begin with the official opposition party.

When you begin, can you please identify yourself for the purposes of Hansard?

Ms. Maia Bent: Thank you very much. My name is Maia Bent and I am the incoming president of the Ontario Trial Lawyers Association. I'm here today with

Claire Wilkinson, the incoming vice-president, and John Karapita.

The group that I represent is a group of 1,600 volunteers who speak on behalf of Ontarians who are killed or injured on Ontario roads. We are here today to comment on the provisions with respect to auto insurance.

The budget legislation deals with changes to the Insurance Act in schedule 17. However, the budget papers also make reference to further restrictions to accident benefits, the definition of "catastrophic impairment," and other changes as well.

I want to focus my comments on why the government felt that it was necessary to put these changes in place, largely without any consultation with the stakeholders, other than with the insurance industry. It is quite clear that the government felt that this was necessary in order to achieve the 15% premium reduction that it has promised to achieve by August 2015.

Our message is that the government proposed these changes largely on information that has now been proven to be faulty. At the time, the government did not have the benefit of research that was released just last month. We are asking this committee, and the legislation, to review the facts before proceeding at all.

What we did as an organization was we commissioned independent research by two well-known and respected academics, Dr. Fred Lazar and Dr. Eli Prisman, from the Schulich School of Business at York University. Drs. Lazar and Prisman had previously done work for the Financial Services Commission of Ontario, so they are government-certified academic, independent experts.

Their study, which used the industry's own data, found that consumers had overpaid between $3 billion and $4 billion in premiums between 2001 and 2013. The scales tipped even further in the wrong direction after the 2010 cuts, and they found that in 2013, consumers overpaid by $840 million. They concluded that insurance companies have been allowed to make too much money for too long. In 2013, the average profitability was 7.5%. Who in this economy makes 17—sorry, that was 17.5%.

Lazar and Prisman said that insurers have had a free ride in Ontario for over 20 years, and that insurance companies are profiting at the expense of victims. They also conclude that even those companies that claim to have lost money in that period seem to have defied the laws of economics. Economic theory is quite clear that unprofitable businesses leave the marketplace, but in fact, this is not what is happening. The industry is flooded with new capital, and share prices are rising. They postulated that, because insurers are legally allowed to move money around nationally and internationally between various lines of insurance, this shell game can result in paper losses, but if you drill down, the reality is very different.

The overriding conclusion of these professors is that insurer profits are too high and we do not have a claims cost problem in Ontario, contrary to what the insurers would have you believe.

What does this research tell us? This tells us that the government objective of reducing auto premiums by 15% is achievable without any cuts to the auto product at all.

The policy decision in the budget is going to harm the most seriously injured citizens of Ontario: the people with spinal cord injuries, the people with brain injuries. These people are going to be left without the necessary benefits that they need to get on with their lives.

If profits were at an acceptable level, we would all be paying less for premiums. With this budget, the government is not standing up to the companies that are making record profits at the expense of the taxpayers.

I want to address very briefly some of the myths that we are hearing from the government with respect to this issue. One of the myths that we are hearing is that Ontario has the richest system of benefits in Canada. This is false. If you look at both the tort and the accident benefits sides of the equation and not just look at very tiny pieces of the Insurance Act in isolation, Ontario is far from the most generous system in the world. Some 80% of people in Ontario only have $3,500—

The Chair (Ms. Soo Wong): Ms. Bent, could you wrap up, please?

Ms. Maia Bent: Yes—$3,500 in coverage, and there are other areas in which they are by far the worst.

The last myth I would like to address is that Ontario claims costs are too high. In fact, the numbers that you are hearing actually include insurer administrative costs, the cost to send them to unnecessary medical examinations. The insurance industry's own data shows that over half of what is being spent is insurance company costs to send people to medical examiners to deny them benefits. This money is not going to the victims—

The Chair (Ms. Soo Wong): Okay, I'm going to stop you there. Mr. Fedeli, do you want to begin the round of questions—oh, Mr. McNaughton.

Mr. Monte McNaughton: Great. Thank you very much, and thanks for your presentation. We had a trial lawyer yesterday who spoke as well and raised some of the same concerns. It's something that I'm hearing quite often now, even back in my riding.

I just wanted to ask you on the consultation process with the government this time versus, say, back in 2010 when there were changes made: Were you consulted? Were victims consulted this time around?

Ms. Maia Bent: We were not consulted in a meaningful way. I can tell you that we understand that these changes have been in the works since last fall. We have had a few meetings with the minister. At no time did they tell us that these changes, as they're currently being drafted, were contemplated. We were not asked to comment in a meaningful way on anything substantive. We were asked to come, we gave our thoughts, but we were never consulted with the specifics of the legislation and given an opportunity to respond to that. That never happened.

Mr. Monte McNaughton: And would you say that the changes brought forward are a repercussion of the political deal that was struck at Queen's Park here to reduce auto insurance rates by 15%? Is that a fallout?

Ms. Maia Bent: I would be speculating, because of course I don't have that information. But we cannot understand why this is happening, except to achieve that political promise. Our message is that it's not necessary to make these cuts in order to achieve that political promise. There is enough profit in the system that you don't have to take it off the backs of Ontario taxpayers.

You should be asking the insurance industry, first of all, to clean their own house, because they are allowed to get, by the government, a guaranteed amount of profit. They can spend as much as they like and then the taxpayers have to give them a certain amount of profit over and above that. But even looking at that, there is enough fat in the system that you don't have to take it away from the most vulnerable.

Mr. Monte McNaughton: Thank you. I think Mr. Fedeli has a question.

The Chair (Ms. Soo Wong): One more minute.

Mr. Victor Fedeli: Thank you very much. Well, that is what happens when you make a deal before you have a plan, right? I always call that "ready, fire, aim," and that's exactly what has happened in this particular case.

I understand, and you can correct me, that there are really four cuts to the benefits, the one that combines the—attendant care used to be separate at $35,000 and the standard accident benefit used to be $50,000, and now they're combined and lowered collectively to $65,000. Is that one of the cuts?

Ms. Maia Bent: Correct.

Mr. Victor Fedeli: I understand the second cut is that they now include attendant care in the million-dollar catastrophic benefit.

Ms. Maia Bent: Yes, there used to be a million dollars for—

Mr. Victor Fedeli: And it used to be a stand-alone.

Ms. Maia Bent: Yes. There used to be a million dollars for attendant care and a million dollars for medical rehab. Now it's reduced by a million dollars.

Mr. Victor Fedeli: And the standard deductible for comprehensive is cut from $500 to $300. Is that one of the four cuts as well?

Ms. Maia Bent: There are actually other problems. More benefits have been taken away. The deductible has been increased for inflation, whereas—so the deductions that people receive have been increased for inflation, but the benefits are not being increased for inflation.

The Chair (Ms. Soo Wong): Okay, Ms. Bent. I have to go to Ms. French for the next round of questioning. Ms. French?

Ms. Jennifer K. French: Thank you. If you want to finish that thought before I ask my question?

Ms. Maia Bent: That's fine.

Ms. Jennifer K. French: Thank you for coming to Queen's Park and bringing your voice.

1030

Ms. Maia Bent: Thanks for inviting us.

Ms. Jennifer K. French: The government, as we know, is cutting 50% of benefits for a segment of, as you said, Ontario's most vulnerable population: individuals with catastrophic injuries. They're also reducing the duration period in which accident victims can receive medical and rehab benefits by 50%. I'm interested in hearing what you have been hearing from this vulnerable population, from the victims.

Ms. Maia Bent: This is not a new problem. These benefits have been eroded over and over again. Every time these changes are made, we are the people who see the fallout because we work with the people who have had the accidents, and we work with their families. They are suffering. They are having a very, very hard time making their lives work.

They have paid for this product; this is not charity. They have paid for this product for their entire driving lives, and when they actually turn to collect, it's not there. What is happening is, it is being downloaded to the public purse. These people are having to go on ODSP. It's going to OHIP. We're having to fall on other kinds of social services because the auto product is not there for them.

The Chair (Ms. Soo Wong): Ms. French, one more minute.

Ms. Jennifer K. French: Okay. The government is proposing to redefine the term "catastrophic impairment." What would this mean for accident victims?

Ms. Maia Bent: The change that's being proposed to the definition of "catastrophic" is just one more blow to people who have been hurt. Right now, it is very, very difficult to fit into that definition. Only a very small number of people every year get into that category, and everybody else is left with a real pittance of benefits. Those people are the most hurt and the people who need it the most. If you are saying that even fewer people can even get into that category, then you're throwing seriously, seriously hurt people into the other category of people who are getting virtually nothing. The changes that are being proposed are going to actually narrow quite considerably the people who can get into that category. It's going to be a real problem for those people and their families.

The Chair (Ms. Soo Wong): I'm going to turn to the government side. Ms. Albanese.

Mrs. Laura Albanese: Thank you for presenting this morning to the committee.

Ms. Maia Bent: Thank you for asking us.

Mrs. Laura Albanese: I do appreciate, as do my colleagues, hearing your point of view. Yes, it's true that the government is trying to implement a fair and affordable system for all of Ontario's drivers. We've been trying to decrease the rates. That's what we hear that Ontarians want, even in my community, and I'm sure that colleagues on all sides will say that we hear from our constituents that they would like these rates to become lower. The government is putting a lot of effort into that, first by passing Bill 15 and now with new reforms that are being considered also in the budget that we have presented this year.

Ms. Maia Bent: And I think our point is that we also support rate reductions. I think every driver does. But

you don't need to go about it this way; that's the point that we're trying to make. There is enough profit without having to turn to the most vulnerable and ask them to give up what little they have. You can turn to the insurance industry.

If you look at the data—and I do appreciate that you did not have this data at the time that these changes were drafted. We are optimistic that you could take a fresh look at the facts and actually determine whether or not this is something that you want to go ahead with because we accept that you are trying to give the taxpayers and the drivers of Ontario a break on their auto rates. You don't have to go about it in this way. This is the wrong way to do it, and we're asking you to rethink that.

Mrs. Laura Albanese: Thank you. I did have some questions about your recent report, specifically on the methodology that was used. It is my understanding that you estimate an overpayment of $840 million in 2013—

Ms. Maia Bent: Yes.

Mrs. Laura Albanese: —but with data that is not normally used to assess the industry profitability—

Ms. Maia Bent: No—

Mrs. Laura Albanese: My understanding is that at that time, there was a reduction in the rates of about 6% that then further decreased to 7% last fall. That would have resulted in consumers paying over $600 million less in premiums, and that's not really reflected in the study. That's one of the questions.

We're trying to continue to go forward with the reforms to help to reduce the fraud and to have, for example—

Ms. Maia Bent: If I could jump in.

Mrs. Laura Albanese: Yes.

Ms. Maia Bent: I'm sorry. I don't want to cut you off but I know time is very short, and if I could just address that one point.

Mrs. Laura Albanese: Yes.

Ms. Maia Bent: First of all, I must emphasize: These are not our experts. We commissioned an independent study. These are actually government experts. They have worked for the Financial Services Commission of Ontario—

Mrs. Laura Albanese: I appreciate—I'm just asking about that—

Ms. Maia Bent: With respect to their methodology, in fact, the methodology that was employed by Drs. Lazar and Prisman is industry-accepted accounting practices.

The KPMG study that the government commissioned did not use industry-accepted accounting practices. They used outlier methodology, which was very results-oriented. That is one of our main criticisms of the KPMG study: that, in fact, they skewed their data by using, I guess, not accepted methodology. Lazar and Prisman—

The Chair (Ms. Soo Wong): Ms. Bent, thank you very much for your presentation. I want to thank all your colleagues for being here today.

Ms. Maia Bent: Thank you.

The Chair (Ms. Soo Wong): I just want to make sure the committee knows we are trying to reach the next presenter but we're having difficulties.

MS. CORRINE HABER

MS. SONIA REATH

The Chair (Ms. Soo Wong): So I'm going to go to the next presenters. I believe they are here: Sonia Reath and Corrine Haber. I believe they're both coming up; I believe they're coming together. Thank you. Good morning.

Ms. Corrine Haber: Good morning.

The Chair (Ms. Soo Wong): As you heard earlier, we have five minutes for your presentation followed by three minutes of questioning. This round of questioning will begin with the official third party. You may begin any time; begin by identifying yourself.

Ms. Corrine Haber: Good morning, and thank you. My name is Corrine Haber.

Ms. Sonia Reath: I'm Sonia Reath. We both work at Cassellholme home for the aged and we both belong to CUPE Local 146. Thank you for allowing us to be here today.

We are here because we are worried about the plan to sell Hydro One. We wanted to speak to you when this committee came to North Bay, but you guys didn't want to come north so we came south.

When we found out that we had both been asked to speak, it made sense that we do this together.

We know there are a lot of things in this budget and a lot of things in Bill 91 besides Hydro One, but this issue is so big, it's what we're going to talk about today. The issue of selling Hydro One affects everyone in Ontario, from businesses, farmers and families.

Our Premier, Ms. Wynne, has promised that they will continue to control prices and make sure that the overseeing groups that protect the public stay in place, but we know that with Bill 91 the oversight from the Auditor General and the Ombudsman is removed. The Financial Accountability Officer will have no authority. There will be no salary cap or sunshine list reporting, and the freedom of information act is virtually gone from Hydro One. How will stopping all these controls that were set in place by our own government help anybody?

What about the hydro rates? We already know that hydro rates have gone up over 320% in the last 15 years. That is 10 times the rate of inflation right now. My community of North Bay has amongst the highest for-rental costs in the province. Many people can't even afford the current rates, let alone if it goes up.

If investors spend millions to buy shares in Hydro One, would they not expect to get a higher return for their money? And how are they going to do this but by pressuring the energy board to approve rate hikes? We've seen these rising rates for the last 20 years and we couldn't stop them when it was a public entity. How are we going to stop them when it's a private company?

We all know, also, that when prices and rates rise people have less to spend in the communities. The selling of Hydro One would mean even less money coming into the communities.

In this time, in North Bay, for example, our new hospital is closing beds and losing staff, schools are closing,

health care is threatening cuts, our own university and college are both downsizing staff, and community events like festivals are not receiving financial help from the government. How are we supposed to be on board with the sale of Hydro One when it will mean our government will lose a reliable $300 million-plus every year?

1040

Ms. Corrine Haber: I'd like to mention about the government's promise to retain 40% ownership of Hydro One and retain control of Hydro One. But Bill 91 in schedule 9 clearly states that when the government's ownership share drops below 10% they will not be allowed to buy back additional shares to raise its holdings above the 10% mark. I hope one of you will be able to explain that to me, as I don't understand why the government would want the percentage of government ownership to drop below 10%. If you can't trust the promise that the government will keep a 40% ownership share on an ongoing basis, how can we trust that the rates won't increase or that we can find the money we need for public transit while we still pay down the billions of debt we already owe for hydro?

Although we want to be clear that we're not against investing in infrastructure and public transit, we just don't agree that the best way to pay for the assets we need is by selling the ones we have.

As I listened to a previous presenter, I have to quote him, Mr. Vaillancourt, a fellow northerner, where he mentioned he paid $600 a month for hydro during the winter months. You'd be hard pressed to get a modest one-bedroom apartment in North Bay for that same amount, and then, in many cases, hydro is on top of that.

About a year or so ago there was a television ad. You may have seen it. It was demonstrating the cost of hydro by a young woman standing in her living room in the dark. As she switched on the light, the building disappeared and she was outside. Even back then, she couldn't afford both. I fear for the future of people in this situation.

Another question—we were wondering: What's to stop Americans or any other non-Canadian from buying up shares and making it so Hydro One is largely owned by people who couldn't care less about Ontario? If Ms. Wynne is allowed to push this privatization of Hydro One through, what is the next asset on the chopping block? We want to ask this committee: Isn't it possible that when something looks too good to be true, it usually is? That's how we see this deal, how it sounds to us. We truly hope you will slow it down and reconsider. Just don't sell the electricity system that has belonged to the people of Ontario for the last 100 years and which we all depend on every day.

The Chair (Ms. Soo Wong): Thank you very much. I'm going to turn to Ms. French for this round of questioning.

Ms. Jennifer K. French: Thank you very much, and welcome to Queen's Park. We appreciate hearing your passion on this issue. I'm afraid that I missed the name of the place that you—

Ms. Sonia Reath: Cassellholme home for the aged.

Ms. Jennifer K. French: Okay. I suspect that Cassellholme uses electricity.

Ms. Sonia Reath: Yes.

Ms. Jennifer K. French: Can you maybe tell us what kind of an effect—if the sell-off goes through and rates go up, what would that mean for a place like Cassellholme?

Ms. Sonia Reath: It would need more funding. If there's less funding for the government to come through, then I fear that it would be also privatized, which would mean loss of jobs.

Ms. Jennifer K. French: Okay, thank you. You make some excellent points with Bill 91. Obviously there's a lot of tricky wording deep within it. As you said, we're hearing promises like about the 40% ownership that the government would retain, but as you pointed out, deep in this piece of legislation it talks about, when it drops to 10% or below, they would be able to buy more back. It does beg the question: If the promise is to keep 40%, why is that in there? So thank you for raising that.

Also, I hope that the government will answer your question about what is to stop foreign investment, because as we know, if we end up having five, six or seven large companies around the province—it sounds like we're fattening a cow to get them ready to sell. So I'm looking forward to hearing their answer to you, and also about: What is the next asset on the chopping block?

So thank you for coming. Is there anything more that you would like to add, perhaps about some of your neighbours up north and what this would mean to them in terms of increased hydro rates as a result of the sell-off of Hydro One?

Ms. Corrine Haber: The rental rates in North Bay are huge in comparison to other northern Ontario cities, so if hydro is going up, either the rent is going up or people are out looking for different kinds of accommodations that are less than what I would recommend for anybody to live in.

Ms. Jennifer K. French: Okay. One other thing: As you said, as a revenue-generating asset that we currently have in Hydro One, and how that goes into health care, education and some of our various systems—what would you predict our health care system would look like if we stopped that flow?

Ms. Corrine Haber: Well, they're not providing enough funding for health care already, so we'd be in big trouble, for sure. Hydro is a necessity for everybody, and it just adds on to all of the other dilemmas that are out there.

The Chair (Ms. Soo Wong): Ms. French, you have one more minute.

Ms. Jennifer K. French: Okay. I also like the way that you said that you don't agree that the best way to pay for the assets that we need is by selling the assets that we have. Perhaps you could give the government some suggestions. What would be another asset that they could sell for a quick buck once we've sold off our revenue-generating assets?

Ms. Corrine Haber: I wouldn't want to give them any more ideas like that.

The Chair (Ms. Soo Wong): Thank you very much. I'm going to Mr. Delaney, or—okay, Dr. Qaadri.

Mr. Shafiq Qaadri: At the outset, Ms. Reath and Ms. Haber, thank you very much for your participation, your submission and your ideas. As a fellow health care practitioner, I know that you, as personal support care workers at Cassellholme in North Bay—I know the importance of the work that you do on a day-to-day basis. We even have a quotation from you, Ms. Haber—I think it appeared in the Sudbury Star—where you referred to feeding some of the elderly residents in your care, so I appreciate the sentiment that has brought you here.

There are a number of things to mention. I think I will let the hydro piece sit on its own, but I would simply like to perhaps mention some of the health care aspects, some of the things that you may be aware of as stewards of the health care system.

In addition, of course, to the hydro system, it's our responsibility to attempt to do the greatest good for the greatest number of people. You being personal support care workers, I think, can attest to the fact and the commitment, and the funding increases that the government has deployed in your sector.

Just as an example, to bring it to your attention, you will know specifically that in terms of personal support care workers, the government has, since the year 2008, hired 2,500 more personal support care workers across the province of Ontario. That's, by the way, in addition to about 5,600 physicians since 2003, which is an astonishing change to the landscape, and, I should also mention, 24,000 more nurses. All of us, whether it's physicians, personal support care workers or nursing individuals, will benefit from that kind of a commitment.

Now, some of the other aspects: I think you're well aware of the funding commitment that has just happened in regard to personal support care workers. The Premier—our government—appreciates what you do. That's why, as I understand it, there was a $4 immediate, instantaneous increase and a commitment to increase the rate to $16.50 by the year 2017.

All of these funds, these allocations, these commitments from the government of course ultimately are required to be funded. It's our responsibility, I think, to do an inventory, to see what assets are available, where the government can move to actually, as we say, maximize, unlock or, yes, sell off or regain the potential of these particular assets.

To your comment about foreign investors: That's something that will be determined elsewhere, but these monies are to be allocated to the province of Ontario, and I wouldn't be surprised if some of that cash would actually show up directly to Cassellholme, whether it's in some kind of infrastructure project, perhaps the local hospital or, by the way, to the salaries and benefits of the individuals who are employed there.

I would simply suggest, with respect—we certainly hear your concerns with regard to hydro and the control and the sell-off of assets, but that's just to perhaps share with you a little bit of the mindset of what the government is attempting to accomplish.

1050

The health care budget, as it stands right now, is $50.3 billion, which is an extraordinary commitment. It's the number one line item in the government's budget, overall. You and I both personally benefit from that, not only as patients but as practitioners. These are some of the things—

The Chair (Ms. Soo Wong): Dr. Qaadri, I need to stop you here. I'm going to the official opposition: Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much. First off, Sonia and Corrine, I want to thank you for coming down, but I also want to thank you for the work that you do at Cassellholme. In my two terms as mayor of the city of North Bay, I would visit Cassellholme every year. I have to say, it's just an exemplary level of care. I know that when I did Mayors on Wheels for the VON, I didn't realize that you guys also took care of that aspect, so I want to start off with a massive thank you for the truly wonderful work that you do and for being here today. It's much appreciated.

You talked about hydro rates, and this committee has heard from a lot of people on hydro. On May 1, just a couple of weeks ago, peak hydro went up 15%, from 14 cents to 16.1 cents. That's a 15% increase in one day. On November 1, hydro will go up again 5% to 10%, and on January 1, it will go up 10%. That's a 30% to 35% increase in eight months. I want to give you an opportunity to comment and to chat a little bit more about that and how that affects the people at home.

Ms. Sonia Reath: There will be less disposable money for the communities. If people are trying to pay either rent or hydro—either/or, or both if they can—they're not going to be able to go out and spend it in the community.

Mr. Victor Fedeli: It's a good point. We talk about it as "heat or eat" or "food or fuel." Can you imagine that Ontario today has turned into a place where you have to make that decision, whether to heat your home or to eat food? I personally can't imagine that.

We're all from Callander and North Bay. We remember the company Reichhold Chemical. When they left North Bay recently they were called Arclin; that was the new name for it. If you're an old-time North Bay person, you'll remember it as the Reichhold plant. That was one of the big industries in North Bay. The headline in the North Bay Nugget, the story, was all about how they left because of high energy prices. They didn't just leave North Bay; they left Ontario. We have to ask what happened to the people who used to work there as well. This is what's happening. This is exactly what's happening with hydro.

Do you have any personal stories from home that you'd like to share? We've got literally another minute, and I'd rather hear from you.

Ms. Corrine Haber: Well, I can certainly mention about the apartment where rent is, in actual fact—a very modest one-bedroom where rent is $600 a month. I know personally of someone who was looking at a one-

bedroom because of the rent amount, and they couldn't afford one cent more. They were trying to get into this one-bedroom apartment. There was a couple and two small children in a one-bedroom apartment that had no bathtub; it had only a shower. That kind of living is not suitable for children, and it is a result of somebody who was living in a facility or a home that had separate costs for hydro and water and heat, and they just couldn't do it. That was their alternative.

Mr. Victor Fedeli: I appreciate that.

The Chair (Ms. Soo Wong): All right. Thank you very much, ladies, for being here today.

I just want to let the committee know that the staff have been trying for the last 20 minutes to reach our 10:30 witness, Deborah Charette, and have not been successful. We're going to keep trying.

I don't believe the witnesses coming forward from 11:15, Canada Film Capital, are here, so if it's okay with the committee, we will recess until 11:15, and hopefully we will be successful reaching the 10:30 witness. We will keep trying.

Mr. Shafiq Qaadri: What's happening to the 11:45?

The Chair (Ms. Soo Wong): The 11:15, we're going to wait. There's nobody at 11:30, so it's 11:15 that we're trying to—

Mr. Shafiq Qaadri: Got it. And what about 11:45?

The Chair (Ms. Soo Wong): There's nothing there.

The staff just called to say that they still have not been successful in reaching the 10:30 witness, Deborah Charette, and the 11:15 witness is not here yet. So I'm going to recess the committee until 11:15. Is that good with everybody? We'll come back and see everybody at 11:15. Thanks.

The committee recessed from 1055 to 1115.

CANADA FILM CAPITAL

The Chair (Ms. Soo Wong): I'm going to resume the committee hearings. I believe the witness for 11:15 is here: Canada Film Capital. Welcome. Can you come on up? Good morning. Ms. Jennifer Liscio?

Ms. Jennifer Liscio: Liscio, yes.

The Chair (Ms. Soo Wong): Okay. I'm not sure if you heard. You'll be presenting for five minutes, followed by three minutes of questioning from each of the caucuses. This round of questions will begin on the government side.

Ms. Jennifer Liscio: Good morning, everyone. Thank you for your time.

My name is Jennifer Liscio. I'm the director of legal affairs and tax incentives at Canada Film Capital and Entertainment Partners Canada, which are two related companies. We provide payroll, accounting and tax incentive administration and financing services to the film and TV industry.

I am here today to voice our concern over the proposed changes to the Ontario film and TV tax credits that were put forth in Bill 91. By Ontario film and TV tax credits, I am referring, of course, to both the Ontario Production Services Tax Credit and the Ontario Computer Animation and Special Effects Tax Credit—OPSTC and OCASE, for short. A definition of these two tax credits has been provided in a handout for your reference. There's a third tax credit, the OFTTC; that's the domestic tax credit applied for by Ontario producers only.

With regard to Ontario tax credits for film and TV, it is no exaggeration to say that the approach taken in Bill 91 to implement the proposed rate cuts to these tax credits on an immediate basis threatens to destabilize the film and TV industry in Ontario. It is also no exaggeration to say that Ontario is at risk of undoing, virtually overnight, the trust it has built up for over 15 years as one of the world's most stable and reliable production jurisdictions.

Since the budget announcement last month, we have been inundated with calls from our clients—major US studios, foreign and domestic producers, and visual effects and animation houses—all expressing their shock and disbelief at the proposed changes and, in particular, over this immediate implementation date for the rate reductions. Our clients, the studios and producers who have now had a long-standing relationship and a mutually beneficial one with Ontario, are facing budget and financing shortfalls because of this unexpected and immediate rate reduction. We know that key decision-makers are already looking elsewhere to shoot upcoming productions and to award their visual effects work. We don't believe Ontario intentionally wanted to harm its reputation as being a reliable and stable production jurisdiction, but we think this would be an unintended consequence of the proposed changes in Bill 91.

For these reasons, we are strongly urging the adoption of a grandfathering approach with respect to the tax credit changes. We've seen that when changes are implemented elsewhere, in every jurisdiction around the world, they have always ensured that committed projects would not be affected. This approach is what our industry expects of Ontario. To cite a recent Canadian example, as you may know, in June 2014, Quebec announced it was reducing its film tax credit rates, but it made sure that any project that was sufficiently advanced by the budget date would be grandfathered under the pre-existing rates. We contend that if Ontario has to choose to reduce its tax credits, it really should adopt a similar approach.

We support the definition of "sufficiently advanced" that has been developed by FilmOntario in co-operation with the Ministry of Culture in response to Bill 91's changes. We've provided a copy again for your reference. I know some of you may have received it on a previous occasion. We think if this approach isn't adopted and the immediate effective date is allowed to stand, Ontario's reputation as a stable, reliable and fair tax credit jurisdiction is going to be permanently damaged.

We know this because we are well positioned to assess the impact of changes to film and television tax credit programs. Canada Film Capital is the leading provider in Canada of tax incentive administration and financing. We've provided our services to over 1,000 productions,

with more than $2 billion in tax incentives under our administration since 1997. In the meantime, CFC's sister company, Entertainment Partners Canada, which is the leading provider of payroll services to the film and TV industry, has serviced thousands of productions in Ontario alone and paid salaries and wages to tens of thousands of Ontario taxpayers.

Just to give you an idea of the current numbers and the number of productions that are potentially affected by Bill 91, Canada Film Capital alone is currently servicing 30 film and TV projects that have committed to Ontario and that will be negatively impacted if Ontario does not alter this immediate implementation date. Of the 30 projects, four are feature films, 11 are TV series, and 15 of them chose Ontario for visual effects and post-production work. As you can see, they're very diverse in nature. Of these 30 projects that CFC alone is servicing, 14 are projects being produced by major studios, with 16 being by independents. Again, there's a diversity across the board of foreign and domestic, independent and major studio productions.

1120

Of course, there are many other productions that Canada Film Capital is not servicing and that are also counting on the tax rates that were in effect when they selected Ontario as the place to do business and the place to hire thousands of Ontario-based workers and suppliers, all of them being taxpayers.

Our recommendation, therefore, is that Bill 91 be amended so that projects which were sufficiently advanced by the budget date be grandfathered under the pre-existing rates. Doing so will be the first step in restoring Ontario's reputation as a stable and reliable production destination.

The Chair (Ms. Soo Wong): Okay. Thank you very much. We need to wrap up.

Ms. Jennifer Liscio: Okay. Can I make one or two more very brief points?

The Chair (Ms. Soo Wong): Yes.

Ms. Jennifer Liscio: I'd also like to address the rate reductions themselves. I've provided a handout which gives a comparative analysis of Ontario pre- and post-budget rates compared to both Quebec and British Columbia, as well as mentioning a couple of other jurisdictions around the world, of which Ontario is a direct competitor, the UK and California being two of the notable ones, and I would appreciate any questions you may have about those other jurisdictions.

We'd also like to raise concerns over two other adverse changes that we feel are not necessary to implement Ontario's budget measures, those being the tethering of the OCASE claim to an OPSTC or OFTTC claim and also the introduction of a 25% labour threshold. We feel that these are just unnecessary hurdles that producers and visual effects houses and studios will have to cross that serve no purpose to the industry.

To conclude: There's no question that Ontario's screen-based industry has been extremely successful, particularly since the 2009 introduction of the spend credit, but we must ensure it continues to be successful. In 2014, just to cite one more fact and figure, EP Canada alone paid film and TV workers for over 1.3 million workdays, which is the equivalent of over 5,000 full-time jobs, compared to 2008, when they paid about 485,000 workdays, which was equivalent to much fewer jobs. That's a 171% increase—

The Chair (Ms. Soo Wong): Ms. Liscio, I'm going to have to stop you there.

Ms. Jennifer Liscio: Okay. Thank you.

The Chair (Ms. Soo Wong): Over to Mr. Milczyn.

Mr. Peter Z. Milczyn: Thank you, Ms. Liscio, for your presentation this morning. I also appreciate that in your handout you've actually given us something substantial in terms of looking at addressing the grandfathering issue. That, I find very helpful and interesting.

In Ontario, and I know in Toronto in particular, we have enjoyed about, I believe, four record years of film and TV production, each year surpassing the previous year's, and that was in a climate where, for a period of time, the Canadian dollar was at par or even slightly above par. Even with the proposed go-forward changes, setting aside the grandfathering issue—

Ms. Jennifer Liscio: Of course.

Mr. Peter Z. Milczyn: —and the benefits of a lower dollar and some of the changes to the film credits for the special effects area, will Ontario not continue to be a very favourable location for film and TV production financially, as well as all of the other attributes of a very well-developed workforce and talent pool?

Ms. Jennifer Liscio: Yes, absolutely. Thank you. Those are very good points, and yes, Ontario has been a very successful production jurisdiction. It will likely continue to be fairly successful in its own right for all those reasons.

Of course, we're looking at a globally competitive landscape. By that, I mean that there are other jurisdictions around the world—not only within Canada—that have all those things and more. Certainly Ontario has managed with what it has produced in its tax credit programs to attract production that it otherwise wouldn't have, but we do feel that with the rate reductions in particular, some of the production that would be attracted to Ontario previously would not necessarily come here. We have California introducing a much larger pool of funds with which to maintain production in the state rather than have it leave. We have the UK, which has increased its tax credit recently, and of course we have Quebec, which is now clearly a good 10% above Ontario in terms of the dollar value of their tax credits alone.

While Ontario will likely remain within the competitive field, its competitiveness will certainly be placed at a disadvantage. To cite one anecdotal example, we know of one client in particular, a major US studio, that would likely not have been able to budget successfully for Ontario had the rate reductions been in place when it chose to come here. So that would have been at least one loss of a very large feature film for Ontario, just to give you that example.

Mr. Peter Z. Milczyn: My understanding of the industry is that there are a lot of factors that go into play in choosing where to locate a location. Obviously if you want to film a movie in a Mediterranean locale, you're not maybe so likely to come to Toronto or Ontario. If you want to film New York City or some major North American—

The Chair (Ms. Soo Wong): Mr. Milczyn, I'm going to stop you here.

I'm going to go to the opposition party. Mr. Fedeli?

Mr. Victor Fedeli: Thank you very much, Chair.

You mentioned that these changes to the tax credit are undoing the trust that has built up over 15 years. Is this film industry—can it be characterized as a gypsy business? Is that a fair wording?

Ms. Jennifer Liscio: And by gypsy, do you mean nomadic?

Mr. Victor Fedeli: Transient; it can go where the dollars are. Actually that's the word used by FilmOntario. They sent me a letter calling it a gypsy business.

Ms. Jennifer Liscio: I don't agree with that statement. I don't believe that's the case. We have a very, very strong infrastructure in Ontario for film and TV. We have very strong domestic productions that are very successful around the world. Certainly the technology and visual effects that Ontario has to offer have been very attractive to productions that would otherwise not come to Ontario to do any type of production work, along with the productions that do choose Ontario as a jurisdiction not only to double for New York or Chicago but, in the case of Pacific Rim, to cite a very well-known example, that was all done in the water. Toronto somehow, with the sound stages and the high-class visual effects that we have to offer, doubled for the Pacific Ocean for an entire movie. So it goes to show that Ontario has the diversity and the breadth and the depth of experience that certainly is attractive to productions that are looking around the world for their next film shoot, but not necessarily that they're going to leave virtually the instant a tax credit program is cut.

Mr. Victor Fedeli: So what's the value to the industry, then, of the tax credit?

Ms. Jennifer Liscio: In what sense?

Mr. Victor Fedeli: Financially. What's the actual end number for them?

Ms. Jennifer Liscio: In terms of tax credits? It's a little bit difficult. If I could turn to the handout just to cite some comparative examples: Pre-budget, pre-tax credit rates put Ontario on par with Quebec and much higher than BC. It's now lower than Quebec in terms of actual dollars and cents. It's certainly lower than the UK. So both Quebec and UK are spend-based credits, much like Ontario. However, their spend base, their qualifying base, is much larger.

With regard to BC, although there is a slight advantage in terms of, again, dollars and cents between BC's tax credit and Ontario's tax credit, Ontario being at the advantage, there are other qualitative advantages that BC would have, such as its proximity to LA, the fact that talent prefers to stay closer to home and the fact that it has a nicer climate.

The Chair (Ms. Soo Wong): Mr. McNaughton.

Mr. Monte McNaughton: Just for a quick—I want to get your feedback because a couple of presenters yesterday—you covered the grandfathering perfectly. We heard that loud and clear; I hope the government has. Secondly, a couple suggested yesterday about the direction that Manitoba has gone, where they've guaranteed a tax credit until 2019. What do you think about the Ontario government issuing a statement saying, "We're going to guarantee this specific rate"—whatever it is—"to a specific year to add some stability to the industry"?

Ms. Jennifer Liscio: That would certainly be a welcome introduction. However, I believe it was in 2009—I apologize if I don't have the exact dates correct. But I believe that right around the introduction of this spend-based credit, Ontario also chose to remove the sunset clause so that tax credits for film and TV would be perpetually available and it would just be a matter of deciding exactly where they would land in terms of numbers.

The Chair (Ms. Soo Wong): Okay. I'm going to turn to Ms. French.

Ms. Jennifer K. French: Hi. Thank you very much for joining us at Queen's Park. Certainly it's an industry that a lot of people are interested in and fascinated by and we would like to—except for some of the traffic downtown occasionally—see grow and do well.

I have some specific questions. What would be the immediate percentage drop-off of film and television production in the province from the cut?

Ms. Jennifer Liscio: It's a very, very difficult number to quantify. Based on some of the analysis that we have been doing in conjunction with FilmOntario and in their great work with the Ministries of Finance and Culture so far, we estimate a drop of 10%. So any type of grandfathering or any type of decision to leave the rates as is, pre-budget, would, we would imagine, be offset by that reduction in volume.

Ms. Jennifer K. French: And how much in lost revenue could that represent?

Ms. Jennifer Liscio: That, again, is very, very difficult to say. Without using any hard numbers, it really would be impossible to quantify. But let's say it would certainly affect not only the direct industry, but any ancillary industries. So we're looking at travel and tourism and things that fall outside of the hard production dollars that are being brought into the province.

I'm sorry that I can't provide you with a more specific figure on that.

Ms. Jennifer K. French: No, that's fine. Actually, as my colleague is introducing some lingo that he's hearing, the term "burning the jurisdiction" was one that I had come across. Can you tell us maybe a little bit more about the reputational harm to the film jurisdiction and what is burning the jurisdiction? Is that relevant?

Ms. Jennifer Liscio: I think that with any rate reduction, the message is sent to the rest of the world that

Ontario is no longer the stable, reliable centre for production that it has been able to rely on. Up until this budget announcement, there were no rate reductions. In fact, it was simply increases or favourable changes to tax credit programs that further served—as we can see just from the numbers alone, in 2008 to 2014, the increase in volume is remarkable. I would suggest that simply by reversing that trend, the reputational harm and the reversal in the stability and in this sort of idea that Ontario is a place you can guarantee that they won't change anything, they'll be good for production and you can count on it for the long term—that is certainly going to be threatened.

Ms. Jennifer K. French: Thank you. What would it take for a jurisdiction to recover? The grandfathering doesn't—

Ms. Jennifer Liscio: The grandfathering is certainly the first place to start. I think that Ontario is at risk of being viewed as a bait-and-switch jurisdiction: We promise one thing and then we deliver another when you finally arrive here with your large-scale productions and your visual effects work. That kind of reputation doesn't bode well.

I think Ontario may have the unfortunate—people may conclude that it will be lumped in with states like Louisiana and New Mexico, where they're very, very popular production destinations, but they have certainly seen their numbers suffer because of the changes they have been forced to make, capping their funds, capping their tax credits. They are also above-the-line paying out jurisdictions, so it's not as sustainable, whereas Ontario has always made sure that its credits have been very sustainable and are based on labour in the province and spend in the province.

Ms. Jennifer K. French: Thank you.

The Chair (Ms. Soo Wong): All right. Thank you very much for your presentation, Ms. Liscio.

I believe the staff tried to contact the 10:30 witness and unfortunately still have not been successful, right? Okay. I don't see any more witnesses here until 1:15, so we're going to recess until 1:15 this afternoon. Is that okay with everybody? All right, thank you.

The committee recessed from 1134 to 1315.

The Chair (Ms. Soo Wong): We are going to resume the committee hearings this afternoon.

WILLIAM F. WHITE INTERNATIONAL INC.

The Chair (Ms. Soo Wong): I believe we have the witness here before us: William White International Inc. Mr. Bronfman and I believe Mr. Hardy are both here joining us.

Mr. Bronfman, Mr. Hardy, we have five minutes for your presentation, followed by three minutes of questioning from each caucus. This round of questioning will begin with the official opposition.

You may begin any time. When you do begin, please identify yourself for the sake of Hansard. Thank you.

Mr. Paul Bronfman: Okay. Thank you. My name is Paul Bronfman, and I'm with my colleague David Hardy. I am chairman and CEO of Comweb Group and William F. White International. I'm also chairman of Pinewood Toronto Studios and a shareholder of Pinewood Toronto. I'm also the father of three great kids. I'm a board member of FilmOntario. I'm also a board member of the Canadian Media Production Association. I'm also a board member of the OMDC, the Ontario Media Development Corp. I am also a board member of the Academy of Canadian Cinema and Television. So I'm very flattered and honoured by my colleagues to be on all these industry boards. It just goes with the age.

In 2009, the world's economies were awash in debt and desperation. We all remember how crazy that was. We opened Film Port, Toronto's first purpose-built studio complex. Basically, we were insolvent by mid-2009. It was a white elephant. Our company, William F. White, and our whole industry were coming off our worst year in many, many years. The global competition was continuing to siphon work out of Ontario, and the Americans in particular caught on real quick with the tax-credit schemes that we created. The Canadian dollar sat in the mid-80-cent range. That was not the deciding factor for service production in Ontario.

Then, in June 2009, the whole playing field changed. Quebec transformed its tax credit into an all-spend 25%. One week later, in the infinite wisdom of our Ontario government, they matched it with a 25% Ontario Production Services Tax Credit. Pinewood Shepperton signed on to manage Film Port; we changed the name to Pinewood Toronto Studios. We brought in three new shareholders. I am the only surviving shareholder of the original group of Film Port. I am under psychiatric care; that is true.

Between June 2009 and April 22, 2015, Ontario production volume steadily increased year over year, despite a dollar at par. Again, it questions the importance of currency in the production location decision-making process. Ontario forged a reputation—

Interjection.

Mr. Paul Bronfman: I missed that, David. Your fingers are working faster than my mouth. I know that's hard to believe.

In Ontario, we forged a reputation for stability, certainty, no drama, no surprises and a world-class infrastructure.

White's revenues, thankfully, have more than doubled since June 2009 in Toronto. Its employee base—we've expanded by 130% in terms of new hires and we have spent in excess of $23 million in capital expenditures in Ontario. We are a private company, so we're privately financed. This is our money we put in there.

Pinewood Toronto Studios has been virtually full over the last two years, and it has established Ontario as a major US studio feature-film jurisdiction. It brought in incremental business that Toronto and Ontario were not able to attract.

Since April 23, 2015, the "B" day, our reputation is smashed up; it's in tatters. Unfortunately, years of

stability, years of us going down and telling these folks we're stable, that tax credits aren't subject to the whims of any government, are destroyed. By far our most valuable commodity is our trust and our reputation, and that is squandered.

1320

Our plan for Pinewood Toronto: We were going to build a 100,000-square-foot production office facility and a 30,000-square-foot stage. Those are on permanent hold as a result of this. There is about $600 million in production volume from producers by the names of Guillermo del Toro and Callum Greene which is now in serious jeopardy. Alcon Entertainment—Blade Runner 2—have released their hold in Pinewood Toronto as of last week. I know that for a fact, because I'm the chairman of the company.

We at Pinewood, we at White, have downgraded. I just met with the bank yesterday. I had Arun from the Bank of Montreal in my office, and my CFO and I told him we're projecting revenues for the rest of the year to be down by 15% compared to what we gave him for the budget just in January. We are starting to ship gear to our other locations, including British Columbia and the rest of Canada. Pinewood Toronto does not have that luxury. You cannot disassemble bricks and mortar.

Going forward, there are two issues that I'm sure you guys—and gals; forgive my generic—have heard: the 14% cut to the production services tax credit and 10% to OCASE—and the tethering regarding OCASE—and the date of implementation.

Here's what we are strongly recommending, with all due respect, ladies and gentlemen:

—the maintenance of the status quo with the OPSTC and the OCASE credit. We, Ontario, have become one of the top five filming destinations in the world. The proposed cuts are already having the effect of eroding Ontario's competitive position in a highly transient global market; and

—that all current productions and those deemed sufficiently advanced be grandfathered to pre-April 23. Until recently, Ontario was the glowing example of how government and the private sector can work collaboratively to create, nurture and prosper in a mutually beneficial partnership. Please, let's not kill this golden goose.

The Chair (Ms. Soo Wong): Okay, Mr. Bronfman, I need to stop you there.

Mr. Paul Bronfman: That's perfect timing. Thank you.

The Chair (Ms. Soo Wong): Mr. Fedeli?

Mr. Victor Fedeli: Thank you very much. Mr. Bronfman, thank you for a very informative presentation. You called it a "highly transient" global industry. I appreciate those words very much.

Mr. Paul Bronfman: It can move around any time, anywhere.

Mr. Victor Fedeli: Exactly. Look, I stayed in a hotel last night. I live in North Bay. I came down here last night for these presentations today. Outside of my hotel room, a couple of blocks from here, there were at least 30 campers in a parking lot, all cordoned off, and about 30 or more production vehicles for a movie that was obviously taking place. I got up this morning and looked around, and it was just abuzz with action.

Mr. Paul Bronfman: Yes, well, thanks to the northern Ontario fund.

Mr. Victor Fedeli: No, this was here in Toronto.

Mr. Paul Bronfman: Okay, fair enough. I thought you meant when you got out in North Bay.

Mr. Victor Fedeli: Oh, I'm getting to the one in northern Ontario in a moment.

Mr. Paul Bronfman: Fair enough. We've got lots of trucks on the road.

Mr. Victor Fedeli: That was amazing to see.

I worry that the number that we're talking about in the industry that we'll lose is only the film number. That's the number that FilmOntario and others throw around. I'm thinking of that hotel and the restaurants and the after-hours and the jackets and other clothing that were bought by these crews.

Mr. Paul Bronfman: Flowers; anything. You name it; they buy it.

Mr. Victor Fedeli: What do you figure the spinoff number is? Is there such a number that the industry has quantified?

Mr. Paul Bronfman: You know, it depends on what study you read. It could be anywhere from four to eight; I don't really know. Nobody really knows, but it's significant. A good measure would probably be five or six times.

Mr. Victor Fedeli: Five or six times? Okay.

Mr. David Hardy: If I may—

Mr. Victor Fedeli: Please, quickly. We have three minutes.

Mr. David Hardy: The very fact that we're here underscores the conflict between finance and the industry in terms of what is an accurate spillover effect or multiplier effect—

Mr. Victor Fedeli: Unless it's a number, a big number, right? Let's take it to another—

Mr. Paul Bronfman: It's a huge number. That's why all these jurisdictions are going after film production, because it makes economic sense.

Mr. Victor Fedeli: Up in the north—you talked about the north—we had movies in Mattawa and all through the north: North Bay, Powassan—

Mr. Paul Bronfman: We've got an office in Sudbury now.

Mr. Victor Fedeli: In Sudbury, the young chap there is doing a great job—

Mr. Paul Bronfman: My son just shot a movie there for a month.

Mr. Victor Fedeli: You know, I talked to them yesterday. They told me they had plans for $30 million in movies this year, up from $23 million last year.

Mr. Paul Bronfman: It could be.

Mr. Victor Fedeli: That's a big number—all in, with all the other producers.

Mr. Paul Bronfman: It could be, yes.

Mr. Victor Fedeli: So there are other spinoffs as well. All this, I understand, by the way—this cut in the tax credit—is to save $10 million.

Mr. Paul Bronfman: That's it.

Mr. Victor Fedeli: Is that the number? Is this the number we're talking about?

Mr. Paul Bronfman: That's the number: $10 million this year, $25 million next year, $25 million the year after.

Mr. Victor Fedeli: If I can use a northern metaphor, talk about not being able to see the forest for the trees.

Mr. Paul Bronfman: It's micro.

Mr. Victor Fedeli: That's peanuts.

Mr. Paul Bronfman: It makes no sense whatsoever on any level. I don't understand.

The Chair (Ms. Soo Wong): Mr. Bronfman, I need to stop you there.

Mr. Paul Bronfman: I'm sorry. It's an emotional issue.

The Chair (Ms. Soo Wong): I'm going to turn to the third party. Ms. French.

Ms. Jennifer K. French: We appreciate you bringing your voice and your passion to us.

Mr. Paul Bronfman: Thanks for listening, Jennifer.

Ms. Jennifer K. French: Absolutely. I would like to just have a better understanding of one of the things that you said. You were talking about a del Toro film and Blade Runner as examples, and that you know for a fact that they have, you used the term, "released" their hold on Pinewood. Could you just clarify what that means before I ask some other questions?

Mr. Paul Bronfman: It's sort of first-come, first-served. Alcon were in there for Blade Runner 2. They had their name on a list, so they get first call on the stages and the production offices. As soon as they release that, the next person in line gets that call. So they've released their hold, and now it's going to somebody else. That $100-million movie will never come back to Toronto.

Ms. Jennifer K. French: Okay. So your feeling is, "Please don't kill this golden goose," as you said.

Mr. Paul Bronfman: Not for the amount of micro-money we're talking about. I think somebody is really not seeing the big picture, with all due respect.

Ms. Jennifer K. French: Can you project—

Mr. Paul Bronfman: We're not lining our pockets with gold here. Some people think that in the film industry we're a bunch of fat cats. We're not. These are working people. These are mostly working, blue-collar people—some white-collar. Nobody is getting fat and rich here.

Ms. Jennifer K. French: So if these large productions go elsewhere, what would we be left with? You talked about trust earlier. What would be the reputational harm? What do you prefer to see? As we heard earlier, the industry will continue, but what could it look like?

Mr. Paul Bronfman: It will be smaller. The American shows will be less, and we'll be more dependent on Canadian production, which is great, but the Canadian producers do not take the depth and breadth of inventory and stages and volume of labour that the Americans do. We need that American work to provide world-class infrastructure for the Canadian producers to make the shows that sell internationally; it's just that simple. Nothing has changed in all the years that I've been in the business, which is a while.

Ms. Jennifer K. French: What would be the take-away you would like the government to get from this conversation, if they were to leave this room and make a change?

Mr. Paul Bronfman: If they were to leave this room, for goodness' sake, grandfather the people who have already been here. Don't penalize them, and don't bait-and-switch them—they've already committed to Toronto—and please reconsider this tax cut. The dollar exchange rate goes up and down, but that tax cut—it seems small; the number seems small, "Ah, it's 25 to 21½." But it's huge when you're talking about 14% of a production budget, and we've got Atlanta breathing down our throats, we've got New York breathing down our throats, we've got the new California tax credit. This could not come at a worse time.

The Chair (Ms. Soo Wong): I'm going to go to Mr. Milczyn for the last round of questioning.

Mr. Paul Bronfman: Hello again.

Mr. Peter Z. Milczyn: Hi. Nice to see you again. Just for the record, I want to say that this is one of the premier businesses in my community of Etobicoke–Lakeshore. I love to have you there, and you've been there for 25 or 30 years.

Mr. Paul Bronfman: Longer—forever.

Mr. Peter Z. Milczyn: I've had the pleasure of visiting your facilities and some of your colleagues in the business in the riding, so I understand how many people you employ: carpenters, caterers etc.

Mr. Paul Bronfman: Well, producers employ those. We employ technicians, drivers, mechanics and customer service people. I don't mean to correct you, but—

Mr. Peter Z. Milczyn: Yes, and I was thinking about the industry.

1330

Mr. Paul Bronfman: Right, the industry, exactly.

Mr. Peter Z. Milczyn: But I stand corrected about your operation.

You mentioned in your remarks how, even when the dollar was at par or above par, the industry here was growing by leaps and bounds. It's a lot about the talent pool we have, the infrastructure we have—also about the tax credit, but the tax credit is one element of it. My question, though, is: Setting aside the grandfathering issue, which I think we've all heard loud and clear about, on a go-forward basis, given all of the talent and the infrastructure and the investment that has already been made here, Toronto, Ontario will still be a very welcoming and attractive location for film and TV production?

Mr. Paul Bronfman: It will, except it's not going to be nearly as welcoming now, because our trust factor is gone, and it's going to take a long time to rebuild it. We don't have to be as good as Atlanta, for example. Atlanta

is the number one jurisdiction right now. They've been the most aggressive with tax credits. But Atlanta could not hold a candle to our depth and breadth of infrastructure, talent, locations, our crews, actors, everything else. They have to import a lot.

But we have to be close, and 25% is where we need to be, and OCASE, the same thing. I don't think it was overly generous; I think it was levelling the playing field.

Mr. David Hardy: Just to that point, though, Peter, every jurisdiction with which Toronto and Ontario compete is expanding its infrastructure, and we will see a contraction of our infrastructure with the tax credit reduction, certainly in the manner in which it was implemented or has been proposed to be implemented.

Atlanta is building stages; London, UK is building stages. They're building stages all over the UK. Hollywood is not building new stages, but they're empty. They don't have feature films shooting in any of their major studio complexes, so they've got lots of inventory, as does Chicago. One of our colleagues, Jim Mirkopoulos, also operates in Chicago, and they're expanding.

So where we are contracting—or will be contracting—they will be expanding, and that will harm us, long term.

The Chair (Ms. Soo Wong): Okay. Mr. Hardy and Mr. Bronfman, thank you very much for coming.

Mr. Paul Bronfman: Thank you for seeing us.

The Chair (Ms. Soo Wong): Thank you. All right, have a good afternoon.

Mr. Paul Bronfman: I was going to take some free coffee, but I guess I don't have time.

The Chair (Ms. Soo Wong): Help yourself, and water, if you want.

Interjections.

The Chair (Ms. Soo Wong): Yes, exactly. Help yourself.

Thank you for coming before the committee.

OPSEU, LIQUOR BOARD EMPLOYEES DIVISION

The Chair (Ms. Soo Wong): The next presenter is the Liquor Board Employees Division. Come on down. Welcome. You can sit anywhere there. The Clerk is going to pick up any handouts you want to submit to us.

Good afternoon. As you've probably heard, you have five minutes for your presentation, followed by three minutes of questioning from each caucus. This round of questioning will begin with the official third party. When you begin, can you identify yourself for the purpose of Hansard, please?

Ms. Denise Davis: Good afternoon. My name is Denise Davis, and I'm the chair of the Liquor Board Employees Division of the Ontario Public Service Employees Union, OPSEU. With me today I have Rick Woodall, who is a member on our divisional executive, and Randy Robinson, political economist for OPSEU. Thank you very much for having us. I've never been here to one of these meetings before.

On behalf of the 7,000 OPSEU members who work at the LCBO, we want to present the views on the changes proposed in the 2015 budget with respect to liquor retailing. The biggest change relates to the government's plans to allow six-packs of beer to be sold in up to 450 grocery stores. If enacted, it will be the largest expansion of liquor retailing in Ontario history. It will be a major policy change that will have far-reaching effects on the health, safety and well-being of Ontarians for many decades to come.

Clearly, this change is being rushed through without proper study and without proper consultation. As far as we can see, the government hasn't listened to anyone with actual expertise around alcohol policy.

Alcohol is not just another consumer product. It is a controlled substance, and for good reason. Alcohol consumption is linked to liver cirrhosis, many cancers, high blood pressure and stroke. It is linked to harm from violence including homicide, suicide and traffic accidents. It is the cause of fetal alcohol syndrome, a lifelong developmental disability. It is linked to family problems, financial hardship and lost productivity in the workplace.

In 2013-14, OPSEU members at the LCBO challenged 11.4 million people who appeared underage or intoxicated, and we refused service to more than 400,000 of them.

As working people who come face to face with the effects of alcohol every day, my members are shocked at the government's devil-may-care attitude with respect to beer sales.

Personally I was dismayed when, on the day the Premier announced her plan to sell off $9 billion in public assets at Hydro One, she stood in front of a backdrop that was all about beer in grocery stores. It seems to me that the Liberals' handling of beer has more to do with creating political cover than it has to do with serious social policy. Beer is popular—we get that—but alcohol is no joke, and it shouldn't be treated as one.

Our current alcohol retail system is a wise compromise between the extremes that came before it: the unregulated free market and Prohibition. And the current system works. To take one example, Ontario has the lowest rate of police-reported impaired driving of any province. The rate in both Alberta and BC, where they have privatized or nearly privatized systems, is more than three times higher.

Our liquor control system is based on three pillars: using prices to limit consumption, challenging underage and intoxicated customers, and limiting the number of retail outlets. By expanding the number of outlets that sell alcohol and treating it as a food rather than a drug, the province is encouraging Ontarians to drink more, and we will all pay for it.

I want to make one last point. At the LCBO, we know that the revenues we collect go to pay for hospitals, schools and all the public services Ontarians enjoy. But we also know that government doesn't really make money from alcohol. According to the latest available data, the provincial government spends more on re-

mediating the effects of alcohol consumption than it receives in alcohol revenues, whether through dividends or taxes. So the theory put forward by Ed Clark and others that government can make money by selling more beer is simply wrong.

Policy around alcohol should be developed in consultation with alcohol policy experts, not bankers, not grocers and not public relations strategists for the Liberal Party. Until this government is ready to have a serious, open and transparent discussion about alcohol policy, expanding beer sales into grocery stores must be put on hold.

We'd be pleased to take your questions now.

The Chair (Ms. Soo Wong): Thank you very much. I'm going to turn to Ms. French to begin the questioning.

Ms. Jennifer K. French: Thank you, and welcome to Queen's Park. As you said, it's your first visit here, so we're pleased to have you.

Just to continue on a point that you were making there: The Clark panel spent $7 million on consultants related to its recommendations, but to your knowledge, did they consult any experts on alcohol policy?

Mr. Randy Robinson: I can answer that. We know that groups like the Centre for Addiction and Mental Health did make presentation, but what we can glean from what the Clark panel recommended is that they didn't actually accept any of those recommendations.

The literature on alcohol is very clear that when you increase the number of outlets, you increase consumption, and when you increase consumption, you increase social harm. There's nobody in the field of alcohol policy who would say, "Well, we have a system that's working extremely well right now. We have the second-lowest alcohol consumption in the country, among provinces. We have a low rate of impaired driving. Let's expand alcohol sales by increasing the number of outlets." No group would say that, so as far as who they consulted with, we don't know in detail, but we do know they didn't pay any attention to what they said.

1340

Ms. Jennifer K. French: Thank you. And I'll ask you to briefly expand. You had mentioned in your notes that our liquor control system is based on three pillars. To your knowledge of the government's plan, have they addressed all three pillars sufficiently?

Mr. Randy Robinson: As far as we're aware, they're not planning on making any changes to pricing policy, and they are talking about developing ways and using training to prevent underage and intoxicated people from buying beer. They are doing that. But the main change, the one that actually is a change, is with increasing the number of outlets; and not just increasing the number of outlets, but increasing the kind of outlets that are there.

One of the successes of our current system is that going and buying alcohol, whether it's beer at the Beer Store, or beer, wine or spirits at the LCBO, is a special trip. I think we all agree that if we had beer coming out of our kitchen tap, we might just have a little six-ounce glass with breakfast from time to time, and that's what happens when you increase the number of outlets that are available. If my 10-year-old has to walk past eight different kinds of beer on the way to buy milk at the grocery store, then something is definitely changed in the system.

Ms. Jennifer K. French: Quick question: Why would the government, do you think, privatize entities such as the LCBO and, to your point earlier, Hydro One, especially when it doesn't have a mandate to do so? Just to switch gears for—

Ms. Denise Davis: I'm confused also. I know our system works great. We have a great track record where all of our employees are committed, all the LCBO employees are committed, to the social responsibility of the sales of alcohol in communities, keeping the roads safe, and the dividends and the taxes that contribute to Ontario go towards infrastructure, schools and hospitals. I myself am confused on that also.

Ms. Jennifer K. French: Me too.

The Chair (Ms. Soo Wong): All right.

Ms. Jennifer K. French: Thank you.

The Chair (Ms. Soo Wong): Mrs. Albanese?

Mrs. Laura Albanese: Thank you, Madam Chair. Thank you for being here today and for presenting to our committee. I also want to thank you for the work that you do every day. You mentioned that the OPSEU members at the LCBO challenged 11.4 million people who appeared underage, so that's commendable.

I wanted to address your concerns. I do understand that this is the largest shakeup, as we have said, in the system in Ontario in the last 90 years. However, I do believe that we're not abandoning, we're trying to adhere to the principles of social responsibility that we've always had, and we're committed to continuing that—one, because the new location will have the same set hours as the LCBO. They will also be in a designated section of a store. They will not be with the food or other items that one can purchase in the store. All staff selling alcohol will be properly certified and trained. That is done so that the standards of social responsibility continue to be met by the government. Also, I believe that all the purchases will be done through the LCBO, so they will not be done directly, for the new locations.

I wanted to quote, and I wanted to have your comments on this. I do have a quote from MADD; you know the advocacy work that they've being doing for years. They are well-respected in the system. I know they've said publicly, "We are pleased that the council has listened to our concerns throughout this process. Given the good relationship to date, we have confidence in the council's continued commitment to work with MADD to ensure that beer is introduced to grocery stores in a socially responsible way."

Mr. Rick Woodall: If I could answer that, after that was publicized, MADD came out and indicated that whoever reported that has taken some comments out of structure, and about two weeks ago they re-released that, stating that they do agree with selling wine and beer in grocery stores, as long as it's under the supervision of the LCBO. So they have come out and redefined that statement.

Another thing about social responsibility is, we're the liquor control board; we can control liquor. That's our guardianship. When you put it in a retail environment—the LCBO is on record stating that even in the agency stores that we have, the people aren't as well-trained as we are. They are slipping a little in the social responsibility aspect, plus they're selling cigarettes and they're selling food and they're selling bread, as well as beer. They can't concentrate on just that one aspect, so they're going to have stuff slip by. They're not going to challenge everybody. There are going to be second-party purchases. We're trained to watch for that.

Mrs. Laura Albanese: So if this is in a designated section of the store—

The Chair (Ms. Soo Wong): Ms. Albanese, I need to stop you. I'm so sorry.

Mr. McNaughton.

Mr. Monte McNaughton: Thank you very much for presenting today. Obviously, I am going to disagree with you. I think the government didn't go far enough on liberalizing beer and wine sales in Ontario. To me, you're defending the status quo. I think the public in Ontario is way ahead of politicians on this change.

I want to ask a direct question: Why do you think that your employees are the only ones who can serve liquor in Ontario safely?

Mr. Randy Robinson: Well, the system seems to be working pretty well right now. As I said, we are the second-lowest consuming province in the country. We have very low rates of impaired driving. We have all kinds of reasons to think that the system works.

The big issue with this is not that a person who comes off the street and becomes employed by the LCBO suddenly becomes a superhero. It is possible to learn the trade. It's the structure around the trade that makes the big difference, and one of the things about the structure now is that there are a limited number of outlets. You can go to the Canadian Centre on Substance Abuse, you can go to the Canadian Public Health Association, and you can see what their stats say. They say that when there are more outlets, there is more consumption. When there's more consumption, there's more social harm, and that's what we're trying to prevent here. Nobody would say, "Let's develop a policy that creates more car accidents," and yet that's exactly what we're talking about here.

Mr. Monte McNaughton: Again, I think the public is way ahead of politicians on this issue in Ontario, and I think that protecting what has been in place for a hundred years is the reason why the public is much, much further ahead.

I want to talk to you a bit about the agency store program. It's something that I've advocated—I think the government could look as a potential change to expand agency stores in urban Ontario. They have a very rigorous training program. I believe there are about 250 of them now in Ontario. I don't think the current government has expanded them since they've come to office. Why are you opposed to having more agency stores in Ontario?

Ms. Denise Davis: We've got statistics and figures about the agency stores in this province. Many years ago, their purpose was to service communities in the areas that had a long distance to drive, like a two- or three-hour distance, to get their products. We could understand that. But the government is missing the boat when they're not looking at the top 20 agency stores in the province and the amount of money that they're making each year. It used to be about $1 million. One of the stores, Mount Albert, is bringing in $5 million a year. Their contract is up right now, and I'm just wondering if they're going to allow them to continue that way. Or are we going to put a full-fledged LCBO-run store in that area, where you'd have more variety—

Mr. Monte McNaughton: But the operator makes 10%.

Ms. Denise Davis: Yes.

Mr. Monte McNaughton: It's not a huge margin.

Ms. Denise Davis: That was not the intention of the agency stores at that time.

Mr. Monte McNaughton: But they've never changed the percentage that the agency stores earn since 2002 or 2003.

Ms. Denise Davis: No, they haven't. But the sales have increased. That proved that you could have a legitimate LCBO store with far more selection and product consultants in that area to help the customers there. I think that it's something that the government has missed looking at.

I just want to tell you what it's like. I have an agency store in Bethany, and we have adults going in there to buy their liquor, and not far away from that area are children—I relate it to penny candy as maybe we all knew it at one time—just in there to buy a bag of chips or something little, but eight feet away you have all these adults buying liquor. It just doesn't sit well. I don't think that children and liquor in the same area, kind of mixed together—

Mr. Monte McNaughton: But that's an argument that was made 100 years ago.

1350

The Chair (Ms. Soo Wong): I'm going to stop you there. Thank you, Ms. Davis, Mr. Robinson and Mr. Woodall, for your presentation and your written submission.

MR. DAVID LANGILLE

The Chair (Ms. Soo Wong): The next group coming before us is York University: Mr. David Langille. Good afternoon, Mr. Langille. If you have a written submission, the Clerk is just coming around to pick it up from you.

As you probably heard, you have five minutes for your presentation followed by three minutes of questioning. This round of questioning will begin with the government side. You may begin any time. Please identify yourself when you start. Thank you.

Mr. David Langille: My name is David Langille, and I teach in the department of social sciences at York

University. Pardon me, I have bronchitis. I hope I can keep my voice.

I teach a course called The Future of Work to 400 undergraduate students at York. I focus on the fact that 80% of new jobs are precarious, which means that the hopes and dreams of my students and their parents who sent them to university to get a good job that will guarantee them a middle-class income are flying out the window. Instead, they're facing rising inequality, which means a few good jobs for my U of T students, but most young people in the province will have to work for low wages with insecure hours and few benefits.

But I try and restore their hopes. I point out that this is still a rich province that's generating enormous wealth, although there are serious problems with how that wealth is being shared. I review the history of economic development in this province, where our wealth comes from and how we can better share that wealth. Ontario became an industrial powerhouse by taking advantage of our rich natural resources, the most important of which was water and hydro—water power.

How did we get the money to develop our hydro infrastructure? Private investors tried but were not up to the job, so we created a public utility. In May 1906, the Hydro-Electric Power Commission of Ontario was started as a strange hybrid of a government department, a crown corporation and a municipal co-operative. But it evolved to become one of the largest fully integrated electricity corporations in North America. Every schoolchild in the province was taught to be proud of Sir Adam Beck and Ontario Hydro. As we grew up, we learned that the competitive advantage of Ontario manufacturing depended on low-cost power from Ontario Hydro.

It's interesting to note that, at the same time, we needed to invest in transit infrastructure, and some of the same private investors that tried to develop our hydro power were also investing in streetcar lines here in Toronto. I point to Sir Henry Pellatt, who made his fortune through investments in hydroelectricity and urban transit. Casa Loma stands as a reminder of how not to finance electricity or public transit. I'm afraid that with this decision, the bankers of Bay Street will be building more castles in Rosedale and on the Bridle Path.

Instead, we learn that virtually nobody can borrow money cheaper than the province of Ontario, thanks to our rich assets of people and resources. So we paid for the development of our hydro system by floating provincial bonds, and the people of Ontario all got an equitable share of our hydro assets. Bay Street or Wall Street financiers could buy the bonds, but not the assets. It made no sense then and it makes no sense today to be transferring our shares to the bankers of Bay Street. The last thing we need today is another form of public-private partnership that ensures private profit at public expense. We can pay off our debts over decades, but not if we sell the store.

To sum up, I want to make the point that Ontario Hydro was one of the oldest and most venerable crown corporations in Canada. It's our collective heritage. Don't just keep it for sentimental reasons. It's public for a purpose: to share ownership of our resource wealth, to share the costs of infrastructure development, and to share the profits from that development. It's so precious that even Mike Harris did not privatize it. Just a few months ago, our Premier acknowledged that our power system was precious and refused to put it on the block. Why suddenly did she agree to the sell-off? Why the sudden sellout?

It points to a pattern of cronyism and clientelism, where the interests of the business community become confused with the business of government. There's rot—

Interruption.

Mr. David Langille: Was that selective or—

Interjections.

Mr. David Langille: All right.

This deal is transparently wrong. Such a blatant sell-off of provincial assets; so simple to explain the shallow economics and the obvious injustice. It's clear-cut rotten. And I'm afraid this is going to make a great message for door-to-door canvassing: "You're feeling powerless? That's because the Liberals sold our power system."

The Chair (Ms. Soo Wong): Thank you for your presentation. I believe this round is beginning with Dr. Qaadri.

Mr. Shafiq Qaadri: At the outset, Professor Langille, I would welcome you. Thank you for teaching the course The Future of Work to the many students at York University. I have to say, though, I will probably defer consideration of the Ontario Hydro issues that you've raised. I'd invite you to consult the record of this particular committee as we've had approximately the same arguments and approximately the same replies offered multiple times.

I would—perhaps breaking with tradition, perhaps as the very first time from a committee that a member of the committee actually raises a toast to a presenter, because I think we really should be celebrating the extraordinary announcement that was made this very morning of the combined York University-Seneca College Markham campus that is basically unfolding before us.

You teach a course, you said, The Future of Work. I would perhaps like to speak a little bit about the future of York University, and you as an academic, especially as a sociologist, likely a Marxist—I think I heard a little bit of Marxist tones there, but that's okay—as a sociologist, you yourself will know that the future of work involves, of course, higher education, the higher the better. The fact that the government is committing what is likely going to be tens of millions of dollars—of course, the ultimate financing is still to be determined—to create a campus that's going to teach 4,000 new students in Markham is an extraordinary feat. I would have hoped that you might have slipped in—we thought that ad, the audiovisual intrusion, was probably the audio from that announcement.

Let me quote, for example, an individual to whom you report, Dr. Mamdouh Shoukri, the president and vice-chancellor of York University. He said, this morning in

fact, "We are delighted that Premier Kathleen Wynne and the Ontario government have recognized the strong merits of building a university campus in York region. Today's announcement acknowledges York University's considerable strengths in supporting Ontario's vibrant knowledge economy and its position as a global innovation leader."

That's the infrastructure, one small drop of the infrastructure, that will accrue to the people, and by the way to your students, and a legacy of the province of Ontario with the sale that we're considering.

I thank you for your presence.

The Chair (Ms. Soo Wong): Okay, so I'm going to go to Mr. McNaughton.

Mr. David Langille: Oh, can I—

The Chair (Ms. Soo Wong): Oh, you want a response? Okay.

Mr. David Langille: Is it true, Mr. Qaadri, that Ontario contributes the least per capita for post-secondary education of any province in Canada? And is it true, therefore, that our students have faced the highest tuition fees of any province in Canada?

Mr. Shafiq Qaadri: As an academic, you and I both can deal with statistics. I can tell you, for example, that 124,000 more students are enrolled since we took office. That changes the landscape. That's horizons and opportunities of an extraordinary measure, and, as a sociologist, you and I can both pull the papers that prove our points.

The Chair (Ms. Soo Wong): Okay, I'm going to stop there. I'm going to turn to Mr. McNaughton. Do you want to begin the questioning?

Mr. Monte McNaughton: Thank you very much for your presentation. I wondered if you had any comment or any thoughts on the fact that we've heard from a couple of presenters that have explained that there's about a $35-billion debt within Ontario's electricity system today, and any sale of the Hydro One asset is supposed to go by law to that debt. Now, the government of course is saying that they're going to use the money for infrastructure projects. I just wondered if you could comment on that fact, that that money from the sale is supposed to go this $35-billion debt. Any opinion on that?

Mr. David Langille: I'm not so afraid of long-term debt as you seem to be. We've accumulated large debts in the past, both as a province and as a country, and we've paid them off over time. But when you sell the store—it just doesn't make economic sense to me that an asset that's bringing in a billion a year in revenues—why would we want to dispose of that?

1400

Mr. Monte McNaughton: Do you have any opinion on what is likely to happen to electricity rates with the sale of Hydro One?

Mr. David Langille: I'm not so confident as the Premier seems to be in our capacities to regulate. I notice that when a company goes before any regulatory commission, they say, "Hey, we've got to make a profit." Then, once you factor that in, I don't think that there will be savings by privatizing.

I don't see how this makes economic sense. One you factor in the cost of the profit that any enterprise has to make if they're investing—I wouldn't invest if I couldn't make a decent return. What is a decent return? Once you factor that in, then the economics fly out the window.

Mr. Monte McNaughton: Thank you.

The Chair (Ms. Soo Wong): Thank you very much. Ms. French.

Ms. Jennifer K. French: Welcome, Mr. Langille, to Queen's Park, and thank you for your presentation. I appreciate, from the academic standpoint, a bit of the history lesson in Sir Adam Beck. I've asked the government what they're planning to do with the statue after the sell-off, but I don't have that answer yet. We'll maybe see what it's worth.

You had made a comment in here about when the interests of the business community become confused with the business of government. It's interesting: We had a town hall locally in Oshawa, and had members from the business community, in addition to voices from labour in the community, and various individuals, who all are opposing the sell-off of Hydro One. Businesses are concerned that, with any increase to electricity rates, they're going to be further challenged.

As you are teaching a course on the future of work—and as you had mentioned, much of the work available is precarious—how do you think rising costs of electricity are going to affect the employment landscape for your students?

Mr. David Langille: I made the point that, historically, the competitive advantage of industry, particularly manufacturing industry in this province, was derived from low-cost electricity. That's what gave us the advantage and encouraged businesses to invest, because they thought they could do—they were more competitive here in Ontario than just south of the border or in other provinces.

I'm worried that we're going to squander that asset and that we're going to lose our capacity. Already, we're watching hydro rates—the electricity rates—go up, and any further addition—once you factor in the profits for private interests, then I think you're going drive electricity rates through the roof and further undermine the job prospects for people here in Ontario.

Ms. Jennifer K. French: I know that you've done extensive work around poverty reduction. Can you comment on how the sale of Hydro One, and the increases in energy prices, would affect low-income individuals, who already are having a difficult time keeping the lights on and keeping themselves heated?

Mr. David Langille: I think it's going to exacerbate inequality, which is one of the biggest problems we face right now.

Once you factor in the profits for the finance capitalists that are going to invest—they need the return on their investment, and once you factor that in, you're going to have, as I say, a few people building castles and many

people continuing to experience precarious work. The problem is going to get worse.

Ms. Jennifer K. French: As my colleagues say, what do you think people should choose: to heat or to eat?

Mr. David Langille: That's a hard choice that I don't want to have to make.

Ms. Jennifer K. French: I'm sure that many people in Ontario wouldn't want to have to make that choice either. Thank you.

Mr. David Langille: Thank you.

The Chair (Ms. Soo Wong): Thank you very much, Mr. Langille, for your presentation.

CITY OF BRAMPTON

The Chair (Ms. Soo Wong): The next presenter: Her Worship Mayor Jeffrey. Good afternoon, Your Worship. Welcome back.

Mr. Shafiq Qaadri: Where's your chain?

Ms. Linda Jeffrey: I don't carry the chain.

The Chair (Ms. Soo Wong): Madam Mayor, you know you have five minutes for your presentation, followed by three minutes of questioning. This round of questioning will begin with the official opposition party. You may begin any time. Thank you.

Ms. Linda Jeffrey: Thank you, Chair. Good afternoon, everybody, and thank you for the opportunity to address the committee today.

Brampton is the fourth-largest city in Ontario, and it's a fast-growing, young, diverse and well-educated community. As part of the 2011 census, our population sits close to 600,000 people. We have the second-highest growth rate among Canada's 50 largest cities, and our projected growth at build-out in 2031 will be near the one-million mark.

Investment in Brampton makes good sense for the province, and I was pleased to see what I did in this year's budget. I believe a very strong transit network is the price of admission for a world-class city. In order to attract investment and reach our full potential, we need to work together with our partners in the provincial government and our neighbours in the greater Toronto-Hamilton area.

Shortly after I was elected last fall, I met with the mayors of Guelph, Kitchener, Waterloo and Waterloo's regional chair to speak about our shared goal of better connectivity. Today I brought you a video which captures what we believe will be the positive impact of one of this budget's investments on our region.

The Chair (Ms. Soo Wong): Thank you. That was really fast and concise.

Ms. Linda Jeffrey: No, no. I have a video here, actually.

The Chair (Ms. Soo Wong): Oh, sorry. Okay. Thank you.

Ms. Linda Jeffrey: I brought a show-and-tell.

The Chair (Ms. Soo Wong): Oh, a show-and-tell.

Video presentation.

Ms. Linda Jeffrey: So that's the video we've been using. Two-way, all-day GO rail service is vital and an integral part of our regionally integrated transit system. We believe the positive outcomes of this investment will create 40,000 new jobs; connect 13,000 companies; 3,000 innovation start-ups; $4 billion of potential construction investment; $344 million saved in commuter environmental costs; $2.5 million per year cost-savings in reduced CO_2 emissions; reduce greenhouse gas emissions by 58 million metric tonnes; and $547 million in additional personal income tax.

We know that transit has the power to transform and strengthen communities, and two-way, all-day GO rail service, coupled with the province's commitment to fully fund the Hurontario LRT line, which will run from Mississauga to Brampton, are two integrally important components of our long-term future transit and transportation infrastructure plans. Our residents and our businesses are now better poised to capitalize on the seamlessly integrated rapid transit infrastructure system. Simply put, these two investments in transit infrastructure will connect people to jobs in Brampton and the GTHA.

However, transit is not the only answer. Goods and people need to work and move along our roads in cars and trucks, and the 410 widening and the addition of the HOV lanes will help alleviate the impact gridlock has on businesses and residents in Brampton and the GTHA.

High-order transit investments on our highways, our roads and other infrastructure will trigger economic growth and jobs, improve quality of life, and will act as a catalyst for further investment to Brampton.

I know that the provincial government had a lot of competing demands in this budget. I'm just grateful that they decided to invest in Peel region and, most particularly, in the centre of the universe, Brampton.

Thank you. I'm happy to take your questions.

1410

The Chair (Ms. Soo Wong): Thank you. I'm going to turn to Mr. McNaughton to begin this round.

Mr. Monte McNaughton: Thank you very much. Congratulations on last fall's victory. I never actually had an opportunity to ask you a question during question period, so this is a—

Ms. Linda Jeffrey: Now you do.

Mr. Monte McNaughton: Yes. Just to—really, a couple of simple questions. Did you say the population of Brampton today is 600,000?

Ms. Linda Jeffrey: We're very close to it.

Mr. Monte McNaughton: And do you have any projections going forward on how quickly it's growing?

Ms. Linda Jeffrey: I think there's about 23,000 people that come to our city every day, and I think the projections actually have us over a million by 2031. I think it's something in the water. We have lots of babies and lots of people moving to Brampton.

Mr. Monte McNaughton: Great, great. That's good.

I just wanted to ask you what forms of revenue—we know, obviously, the Hydro One sale is in the budget. What other revenue tools, as the Premier likes to call them, do you support?

Ms. Linda Jeffrey: I think that's the conversation that we're beginning to have with the Premier. I sit with the large urban mayors and we've been talking about revenue tools. I don't think the large urban mayors have landed on a solution, but I've encouraged them to have some intestinal fortitude to have those conversations about revenue tools, and I think collectively we will come back with a solution. The Premier has agreed to have those conversations with us, probably later on this year. We've had a number of meetings already, but at this point we haven't landed on one tool that we collectively recommend.

Mr. Monte McNaughton: I'm assuming there will be several.

Ms. Linda Jeffrey: I think that we're looking at everything right now. I think that certainly we've been the beneficiary of having a good working relationship with the province and the federal government with regard to funding large infrastructure projects. In our case, probably—actually, as I was leaving municipal government and coming to the province, we got an investment of $95 million from the federal government, from the province, and the municipality put in their own $95 million to put in the Züm bus service that really has transformed our city. We're actually doubling and almost tripling our capacity in our buses, it's so successful.

So, I think you need your own revenue tools, but you also need partners that come to the table.

Mr. Monte McNaughton: Great. Your question period training prepared you very well. Thank you very much.

The Chair (Ms. Soo Wong): Thank you, Mr. McNaughton. Ms. French?

Ms. Jennifer K. French: Welcome back to Queen's Park. We're glad to have you here. It's interesting; I learned something new. I thought Oshawa was the centre of the universe.

Actually, I'm interested—you had mentioned, in terms of Brampton's growth, that it has the second-highest growth rate. I'm just curious: Where is the highest?

Ms. Linda Jeffrey: I'm not sure, but I would say Peel is competing with itself. Probably Mississauga has been growing, but I think we're kind of outstripping them right now. People choose to go where they think there's opportunity, and certainly they're starting to come to Brampton.

Certainly in the last six months, things have changed dramatically. With these announcements, these budget announcements, they've—I was with a business the other day, and he said, 'I feel like Brampton's hit a reset button," because the announcements have been so well-received and a lot of people are looking to invest more heavily, or choosing to come to Brampton.

Ms. Jennifer K. French: I used to attend elementary school in Brampton near Chinguacousy Park and things have changed significantly since then.

I have a question for you, actually, about the sale of Hydro One. Some Brampton councillors, I understand, will be putting forth a motion similar to the one that's before the Toronto city council, asking that the sale of Hydro One be stopped. What are your thoughts on this?

Ms. Linda Jeffrey: That's news to me. I was a member of council when the former Conservative government initiated the sale of utilities. At the time, I remember feeling that it was a very difficult decision for our community. But it turned out to be one of the better decisions, actually, because in our case we ended up with $262 million in a reserve. The city of Brampton had never had a reserve. And I would argue that you'd have difficulty finding a resident in Brampton that noticed anything in their service changed when Hydro One purchased Brampton Hydro. So for us, it hasn't been a big change. Certainly we were consulted by the province at a very high level about the sale, and I haven't seen any change in the service level. We're very satisfied with Hydro One's performance in Brampton.

Ms. Jennifer K. French: Thank you for that. To my colleague's point about having a discussion about revenue tools—as you've said, you challenged them to have the intestinal fortitude to have some of those important conversations: Would you support the idea of revenue streams that are ongoing, as opposed to a sort of one-time, quick cash grab?

Ms. Linda Jeffrey: I think it's always important to have a reliable, predictable source of funding, and I think that certainly the province has looked at many revenue tools in the past. The fact is that I think municipalities across Ontario have had a very open, productive relationship with the province about those conversations. The mayors of almost all the large urban and certainly small urban communities have been able to meet with either the Minister of Municipal Affairs and Housing and/or the Premier on a regular basis over the last six months. We've had some very productive conversations, and I feel confident that we will arrive at a place that we can all live with.

The Chair (Ms. Soo Wong): Okay. I'm going to turn to the government side. Mrs. Albanese?

Mrs. Laura Albanese: Welcome back to Queen's Park, here as the mayor of Brampton. So congratulations on behalf of all of us, all your former colleagues.

Mr. Shafiq Qaadri: Can we use the video?

Ms. Jennifer K. French: Yes, right.

Ms. Linda Jeffrey: Yes, you can.

Mrs. Laura Albanese: I enjoyed very much the video on the innovation corridor, even, I would say, specifically because they recognize the Kitchener corridor. Part of it is formerly known as the Georgetown South corridor, and that corridor passes through my riding of York South–Weston. So the two-way, all-day GO—I would add, an electrified GO system—would be very important to all the ridings in all the towns and the cities that are along the way, and if it's to sustain jobs and growth, that's even better.

I wanted to ask you if you had anything to add, other than what you've said.

Ms. Linda Jeffrey: You know, this group of mayors came to see me in my former life when I was a minister, and I remember feeling jealous about what a great

presentation they had done. Something else that they had done is that they had gone to all the businesses in the surrounding area and asked them to say what difference all-day, two-way GO would make to them. Would they hire more people because they wouldn't have to worry about the parking issues?

They really did a very good job, and I was jealous that Brampton wasn't part of it. So shortly after I became mayor, they came to see me and I said, "You had me at hello." I wanted to be part of the conversation and I really believe in it. I think that cities can't work in silos. We need communities to work together. There's a scarce number of dollars and we need to work with all our neighbours, all levels of government, to make sure that the transit investments that are made go further. Our businesses don't see regional boundaries. Our residents don't. We need to make sure that transit goes seamlessly across all our regions. We get the most bang for the buck if we do.

The Chair (Ms. Soo Wong): Okay. Thank you very much, Madam Mayor. Thank you for being here.

Ms. Linda Jeffrey: And I've just had a note that Halton region is number one—Milton.

The Chair (Ms. Soo Wong): Okay. That's great. Thank you for being here and for the video presentation.

ELECTRICITY DISTRIBUTORS ASSOCIATION

The Chair (Ms. Soo Wong): The next presenter is the Electricity Distributors Association. I believe there's a delegation. The Clerk will pick up the handout for everybody. Gentlemen, you probably heard that there are five minutes for your presentation, followed by three minutes of questioning. This round of questioning will begin with the third party. You may begin any time. Please identify yourself for the purpose of Hansard.

Mr. Ray Tracey: Good afternoon, Madam Chair and members of the standing committee. My name is Ray Tracey, and I'm the chair of the Electricity Distributors Association, the EDA. Accompanying me today is the vice-chair of the EDA, Todd Wilcox, to my left, and our president and CEO of the EDA, Charlie Macaluso.

The EDA is the voice of Ontario's locally owned electricity distributors, or LDCs. We serve 75% of Ontario's electricity customers. I'm pleased to have this opportunity on behalf of the association to discuss Bill 91.

I'm here before you today to ask that section 48.1(7) of the Electricity Act, which is in schedule 9 of the bill, be amended so that Hydro One distribution assets may continue to be divested to Ontario's electricity distributors.

The amendment, which is in our written submission, would ensure that transactions similar to Hydro One Brampton—which is being sold to a group of existing and neighbouring electricity distributors—can occur throughout the province. This would ensure that Hydro One receives fair value for its assets while customers enjoy the benefits of being served by their local distributors, with lower delivery costs and a proven customer service track record.

1420

The EDA agrees with government that the proposed Brampton transaction would improve efficiencies, with continued safe and reliable electricity service to customers. The Brampton transaction serves as a conceptual model for further volunteer consolidation in the sector that we fully support.

The EDA's proposed amendment is not only consistent with the government's position on reallocation of Hydro One distribution assets and customers in Brampton, but also elsewhere, such as Ottawa, where the government acknowledged that it would be open to a process where Hydro One assets and customers would be divested to local distributors. Similar discussions have taken place in other communities, and it is also worth noting that in many instances, Hydro One customers are asking to be serviced by their locally owned LDC.

The EDA wants to work with government on the proposed amendment to ensure the IPO will not impede further opportunities to improve the distribution sector, and specifically the ability of LDCs to bring forward proposals to acquire Hydro One distribution assets.

The EDA believes that our amendment, which permits and encourages Hydro One assets to be made available to local and regional LDCs, is important to ensure that customers have the opportunities to receive better, locally delivered electricity throughout Ontario.

For example, the Ontario Energy Board's 2013 yearbook clearly shows that Hydro One's administrative costs are much higher than those of an average LDC. Typically, we think of administration costs going down with scale, not up. With regard to customer service, you will only need to look at the Ombudsman's 2014 investigation of Hydro One's billing practices to understand the seriousness of the customer service issues that exist today.

Finally, I would like to bring to your attention a potential issue around Ontario rural or remote electricity rate protection. With Hydro One becoming a private entity, a review of section 79 of the OEB Act should be undertaken to ensure municipal LDCs are not subsidizing the private sector.

To conclude, I argue—or strongly suggest may be better words—that the EDA's proposed amendment to clearly allow for Hydro One to divest its distribution assets to trusted entities with customers' interests in mind will provide value for the company and its shareholders. I also strongly recommend this amendment is necessary if this government wishes to realize its goal of encouraging voluntary LDC consolidation and finding efficiencies in the sector. I encourage you to consider the amendment as proposed in our written submission and give it due consideration in your deliberations.

Thank you for your time, and I would be happy here, along with my two colleagues, to answer any questions.

The Chair (Ms. Soo Wong): Thank you for your presentation. I'm going to start with Ms. French.

Ms. Jennifer K. French: Thank you, and welcome to Queen's Park.

Mr. Ray Tracey: Thank you.

Ms. Jennifer K. French: We appreciate having you here.

I have a few questions for you. I'm from Oshawa, and we appreciate paying comparably lower rates in Oshawa. A lot of our local community folks are concerned about what will happen with mergers and such, with consolidation, and what would happen to our rates as we watch this all unfold and take shape. So that's where I'm coming from.

You've said here in your submission that it's "important to ensure that customers have the opportunities to receive better, locally delivered electricity service throughout Ontario." Can you foresee, as this unfolds and down the road we have large consolidated entities, that perhaps foreign investors would be interested in having a piece of that, and maybe it would no longer be locally delivered service?

Mr. Ray Tracey: Our stand is simply that locally and regionally controlled entities have the best opportunity to deliver the best value to the customers. They're integrated with the communities. They have service delivery models that have been proven and have demonstrated efficiency. Our focus is to allow the LDCs that we represent through our association the ability, if the government is interested in divesting of its interest in Hydro One—that we have access to the Hydro One distribution customers.

The white paper was presented in—I forget the year; I apologize. Then we had a sector review report. Both papers considered a common principle: Shoulder to shoulder, locally and regionally controlled LDCs would be the most efficient. That's what we're asking for. If the government has an interest in divesting—and remember, the initial Clark recommendation said, divest of distribution—then we have an option on the table here for government, to work with you, to bring you that investment opportunity that you're looking for through divestiture, at the same time giving the customers an opportunity—demonstrate to them that typically, we represent 40% lower distribution rates.

Most of you are from regions that know that. We accept that the province has infrastructure issues, and we're here to endorse whatever measure is responsible for the taxpayers of Ontario. But in that process, there's an opportunity here, and we're that opportunity. Where the investment comes from and how we put this together, that's where the local stakeholders are very cognizant in their view of what that ownership structure—they work with what makes sense.

But clearly, the demonstration—we're a 100-year-plus industry that was revamped in 1999 to 2000, when we became private entities held by public owners. They've maintained the customer-first values. That's the value that we bring today: customers first. If you want to divest, we're here to support that.

The Chair (Ms. Soo Wong): Mr. Tracey, I have to stop you here because the three minutes are up.

Mr. Delaney.

Mr. Bob Delaney: Thank you for being here. I was following your description of the proposed merger between Enersource, Horizon, PowerStream and Hydro One Brampton, and I'm assuming, in listening to your narrative, that you're in favour of that?

Mr. Ray Tracey: Absolutely.

Mr. Bob Delaney: Okay. One of the things that I've had to do over the last several years is to attend AMO and ROMA, to sit down with a lot of our municipalities and talk with them about, among other things, their local distribution companies. So from where you're coming from, is there any reason that you have to believe that a willing merger between local distribution companies would not be supported?

Mr. Ray Tracey: Our amendment is just trying to address the fact that we don't want to give the messaging that—the fact that it states we will not substantially divest of the whole or a significant part of Hydro One, meaning that you won't divest of your distribution assets. Clearly, Clark had that initial indication but couldn't get there. We're here now saying that you made a different decision, and maybe we first signalled—98% of our industry was supporting the initial recommendations of the Clark panel. We were preparing ourselves. Now we're saying that as part of our amendment suggestion, we want to make sure that the signal, the message post-IPO is that having distribution be rationalized with local or regional LDCs that have 40% distribution rates, and you getting fair value for your assets, is the way to go.

Mr. Bob Delaney: Is there any reason that that couldn't be done right now?

Mr. Ray Tracey: Well, we have never had a willing seller from a provincial standpoint, and we never had that signalled to the Clark panel report. Yet the white paper and the distribution sector report both signalled, under different governments, that regional local utilities was the way to go.

Mr. Bob Delaney: Well, our message as a government to the municipalities when they've spoken with us is that such mergers were, are and remain possible, but they'll be done with willing participants, and such a merger wouldn't be forced on either the local distribution company or upon Hydro One. Would that sit with the expectations that you came in with?

Mr. Ray Tracey: Absolutely. What we just want to do is make sure that message is clear.

Mr. Bob Delaney: Thank you very much, Chair. I think we're done.

The Chair (Ms. Soo Wong): All right. Thank you. Mr. McNaughton.

Mr. Monte McNaughton: I just wanted to ask you about the process surrounding Hydro One Brampton. I believe it was in the Ed Clark report where he recommended not having an open auction. I wondered if you're comfortable with that. It doesn't seem to be the way something is sold, I guess, in the private sector. Normally, things are put out to the open market and there are bidders.

1430

Mr. Ray Tracey: We're not here to advise or comment on the government's methodology and how they

dispose of assets. What we're here to say is the willing participants in the divestiture of distribution assets are the municipal and regional LDCs.

I'm sure the province's care is as much about the customers that will be serviced in the future entity as about the price tag they're going to be paid. The important thing is that we are the natural acquirer of these assets. If we were looking at the customers—at the same time bringing that value back to government that they need to receive from these assets. That's where our focus is.

Mr. Monte McNaughton: But do you think that there is a concern for transparency when an asset isn't put out for open bidding or an open auction?

Mr. Ray Tracey: Again, we support the fact that—this, I think, we heard earlier. We want volunteerism, we want collaboration, and we want the customers at the heart of the decisions of transactions. That's what we support.

Mr. Monte McNaughton: Okay. Thanks.

The Chair (Ms. Soo Wong): All right. Thank you very much, gentlemen, for being here.

The next group coming before us is the Ontario Craft Brewers. I believe it's Mr. John Hay, the president. No? Okay; I don't see them here.

ONTARIO REAL ESTATE ASSOCIATION

The Chair (Ms. Soo Wong): I'm going to call the next group: the Ontario Real Estate Association. Are they here? I think there's a delegation here.

Good afternoon, and welcome back. As you probably heard, you have five minutes for your presentation, followed by three minutes of questioning. This round of questioning will begin with the government side.

When you begin, can you please identify yourselves for the purpose of Hansard? Welcome.

Ms. Patricia Verge: Good afternoon, Madam Chair. Thank you to the members of the committee for allowing us to speak on Bill 91.

My name is Patricia Verge. I'm a broker with Royal LePage Team Realty in Ottawa and the president of the Ontario Real Estate Association. Joining me today is Ettore Cardarelli, chair of OREA's government relations committee, and Matthew Thornton, OREA's director of government relations.

By way of background, the Ontario Real Estate Association is one of the province's largest professional associations, with over 61,000 realtors in 41 real estate boards. We are here today to speak to you briefly about our views on the budget and highlight some concerns that we have for our members.

Overall, Ontario realtors were happy with budget 2015. This was in large part due to the government not moving forward with any additional revenue tools for municipalities and encouraging them to fund infrastructure through asset optimization.

Ontario realtors know that municipalities across Ontario are eager to acquire the same revenue tools as Toronto. As such, we are very concerned that the municipal land transfer tax is being considered as a potential revenue tool for municipalities. The municipal land transfer tax is an unfair tax that forces one segment of taxpayers to fund municipal services enjoyed by everyone. With housing affordability a growing concern for so many Ontarians, we urge the province to protect the dream of home ownership for future generations. As the province prepares to conduct a review of the Municipal Act, OREA strongly recommends that all MPPs oppose the spread of the municipal land transfer tax.

My colleague Ettore will now speak to you about our second concern, personal real estate corporations, or PRECs.

Mr. Ettore Cardarelli: Thank you, Pat. For a number of years, Ontario realtors have advocated for fair treatment when it comes to forming professional corporations—

Mr. Bob Delaney: Chair, a point of order.

The Chair (Ms. Soo Wong): Mr. Delaney?

Mr. Bob Delaney: Chair, I understand, in looking at the submission, that the subject matter being raised by the gentleman is not part of the budget bill. While he is welcome to raise it in a pre-budget submission, I suggest that it is out of order because it's not part of the budget bill.

The Chair (Ms. Soo Wong): Okay. I'm going to get a five-minute recess before we start.

The committee recessed from 1430 to 1437.

The Chair (Ms. Soo Wong): I'm going to resume the committee. Just checked with the Clerk: Sir, you have to stay focused on Bill 91. We just went through the bill; there's nothing mentioned—

Mr. Monte McNaughton: Point of order.

The Chair (Ms. Soo Wong): Mr. McNaughton?

Mr. Monte McNaughton: Chair, yesterday you clearly said that the presenters could talk about what they wanted to talk about, but the members of the committee had to stick to Bill 91 in questioning. Clearly in here it says that they were disappointed not to see the government move forward on something in budget 2015, so they're clearly relating it to the budget.

I don't understand, for the life of me, why the government member would rudely interrupt a presenter and not allow them to at least get it on the record. This is part of the democratic process. This is the only time—and this is the third day, Chair—

The Chair (Ms. Soo Wong): I'm going to stop here by—

Mr. Monte McNaughton: They clearly—

The Chair (Ms. Soo Wong): No. By order of the House, this hearing, for the last three days and Monday, must focus on Bill 91. That's by order of the House. Nowhere in the proposed Bill 91 does it talk about, as written and submitted to the committee, the municipal land transfer tax. The committee has to hear—your submission, both in writing and the verbal presentation, must pertain to Bill 91.

I assume, Mr. Delaney, you have no further questions for the point of order?

Mr. Bob Delaney: If that is your ruling, then that's fine.

The Chair (Ms. Soo Wong): Okay. Sir, can you please focus on Bill 91? If you look at Bill 91, if you can focus on whatever it is in Bill 91 that you have concerns about, you can share with us.

Mr. Ettore Cardarelli: Perhaps I can defer to my staff colleague for a moment.

Mr. Matthew Thornton: Madam Chair, we're making a recommendation for inclusion in the bill. Is that out of order? I'm a little bit confused—

The Chair (Ms. Soo Wong): It will be out of order because we are only discussing what is being proposed here in Bill 91, okay? In pre-budget consultations, you can ask whatever.

Mr. Matthew Thornton: We are addressing the bill, and the point we make in our presentation is that we're disappointed not to see it included in the budget bill.

1440

We also reference a corporate business legislation review that the government announced in the budget, and we're hopeful that they can proceed with what we're asking for—

The Chair (Ms. Soo Wong): You can talk about that.

Mr. Matthew Thornton: He references that in his presentation.

Mr. Ettore Cardarelli: That's really the essence, if I may.

We were disappointed not to see a move towards personal real estate corporations in budget 2015. However, we are hopeful that the government will look at personal real estate corporations when conducting its review of business legislation announced in the budget, and I think that is related to the budget. PRECs are an example of an innovative business tool that can create jobs and generate revenue for the province.

I'm going to skip just a few things for the sake of time.

Ontario realtors are not looking for special treatment here; they're just looking to get fairness under the law. In fact, the government has already moved to permit a number of professionals in Ontario to form professional corporations, namely, chartered accountants, architects, social workers, mortgage brokers, veterinarians and so on. They've all been granted the ability to form professional corporations. We're simply asking for the same rights as these other industries.

Finally, we're happy to note that the Tax Fairness for Realtors Act enjoys support from all three political parties here at Queen's Park. We've had that acknowledged by all of the parties.

Before I conclude, I would like to provide an update on an issue stemming from budget 2013, if that's okay. We're happy to hear that the government is moving towards proclamation of the amendments made to the Electronic Commerce Act that would permit the use of electronic signatures on real estate agreements of purchase and sale. While an official announcement has not been made, we are hopeful that the province will move to proclaim this important amendment for July 1 of this year.

We would like to acknowledge the MPPs who have supported this important change, including Attorney General Meilleur, who is responsible for the act, as well as Minister Naqvi and MPP Todd Smith, who first championed this issue back in 2012.

As Ontario realtors, we look forward to the amendment's proclamation very soon. With that, I will conclude my notes and be happy to take any questions. Thank you.

The Chair (Ms. Soo Wong): Thank you. I'm going to turn to Mr. Milczyn.

Mr. Peter Z. Milczyn: Thank you for your presentation. I note in here you urge the government not to introduce new taxes, which we are not doing as part of this budget. But as to your point, we are optimizing provincial assets to generate funds to have record investments in infrastructure—roads and bridges across the province; public transit in Toronto and the GTA in particular. I assume that's something your organization is supportive of.

Mr. Matthew Thornton: We don't have a position specifically on the issue of asset optimization. I think we were making the point that asset optimization is likely the reason why the province did move forward with those revenue tools. So, no formal position from us, although I think we were a little bit relieved to see that asset optimization was the direction, instead of new taxes.

Mr. Peter Z. Milczyn: Just this morning I received an email from your organization with the April statistics for residential sales in the city of Toronto: up 16.5% in April in terms of volume; prices up 10%; over $7 billion in sales—I assume that's about $350 million in commissions for your members.

I've noted just recently there was a study that our government's investments in public transit are going to have an impact on housing and housing prices, where it's located, and it's going to be positive in terms of encouraging people to buy homes—whether they be ground-related or condominium—near public transit, and that that's going to ensure the ongoing, really, positive trend in the real estate sector. Is that your experience as well, as realtors?

Mr. Matthew Thornton: I think investments in transit certainly do benefit communities and benefit home prices more generally.

With respect to the strength of the market, I think that indeed, the Toronto market has been very strong for quite some time now. I think what we're seeing in Toronto is an excess of demand and a very limited amount of supply, so there are a lot of buyers chasing a limited amount of properties out there. Certainly that's contributing to some of the increases in prices and things of that nature—multiple bids etc.

Bringing it back to the municipal land transfer tax, unfortunately the tax is one of those issues contributing to that problem. It is a barrier to people listing their home and selling if they know they're going to move in the GTA—

The Chair (Ms. Soo Wong): I'm going to stop there. I'm going to turn to Mr. McNaughton.

Mr. Monte McNaughton: Actually, I have no questions. Thanks for your presentation.

The Chair (Ms. Soo Wong): Thank you. Ms. French.

Ms. Jennifer K. French: Thank you. I appreciate you joining us here at Queen's Park. I appreciated your presentation. I'm sorry for what happened earlier, that you fell prey there to political strategy or bad manners, as the case may have been—

Mr. Bob Delaney: Chair, on a point of order: The member may no more impute motive in a committee than she can in the House.

Ms. Jennifer K. French: I withdraw.

The Chair (Ms. Soo Wong): Thank you.

Ms. Jennifer K. French: Back to your comments: The dream of home ownership for future generations is a very important dream and goal for many. When we're talking about the cost of owning a home, perhaps I could ask you about the cost of operating a home. I'm going to steer this into electricity.

Ms. Patricia Verge: Sure. We don't have an official position on that particular item, but I will tell you that we always support ways that home ownership can be more affordable, and costs are a very important part of that. Monthly costs for a family in taxes, condo fees and all the rest of it are very important because what they can spend on a house depends on them—if they're going to have huge bills every month.

Ms. Jennifer K. French: I see, and as you said earlier, you don't have an official position on the sell-off of Hydro One or, as you have said, the asset optimization, but that that was a preferred option to municipal land transfer tax. Is that a fair understanding of what you said? You support that over the land transfer tax, but you don't support it in and of itself?

Mr. Matthew Thornton: Just to clarify, we have no position in support of or against the issue of asset optimization. We were merely making the point that we are thankful to see the government move forward on that versus—

Ms. Jennifer K. French: So if it was going to be an either/or—

Mr. Matthew Thornton: Yes, I think that's an accurate way of describing it.

Ms. Jennifer K. French: So as a result of this sell-off of Hydro One, when we see an increase in rates, what kind of bearing is that going to have? What kind of impact is that going to have on home ownership?

Mr. Matthew Thornton: I can't comment on the impact that the optimization is going to have on hydro rates, but generally speaking, hydro rates are certainly a big carrying cost for homeowners. It's a big cost of home ownership. We know that some rates have been going up for owners over the last number of years and that is a concern more generally, but I can't comment on what the sale of Hydro One is going to do to rates more generally.

Ms. Jennifer K. French: Thank you.

The Chair (Ms. Soo Wong): Thank you very much. Thank you for your presentation.

Ms. Patricia Verge: Thank you so much.

The Chair (Ms. Soo Wong): I just want to let the committee know: The 2:30 scheduled from the Ontario Craft Brewers are coming on Monday. So they're not here this afternoon, but they will be back here on Monday afternoon.

OFFICE OF THE ONTARIO OMBUDSMAN

OFFICE OF THE AUDITOR GENERAL OF ONTARIO

The Chair (Ms. Soo Wong): I believe we are ahead of schedule. I see the Ombudsman is here, so the Office of the Ontario Ombudsman, Mr. Marin; and I believe Ms. Lysyk is here. Welcome.

Ms. Jennifer K. French: Can you repeat the order?

The Chair (Ms. Soo Wong): The Ontario Craft Brewers are coming back on Monday.

Ms. Jennifer K. French: The speaking order.

The Chair (Ms. Soo Wong): The speaking order will begin with—let me just check here—it will start with the official opposition party.

As you heard, you will be given five minutes for your presentation, followed by three minutes of questioning. This round of questioning will begin with the official opposition party.

You may begin anytime. Please identify yourself for the purpose of the Hansard.

Mr. André Marin: Thank you, Madam Chair. André Marin, the Ombudsman of Ontario. I'm joined as well by Bonnie Lysyk, the Auditor General of Ontario. I will go first, and Ms. Lysyk will also have a few words for the committee.

As a legislative officer entrusted with the responsibility that government administrators act fairly, responsibly and lawfully in their dealings with the public, I feel compelled to address Bill 91's proposal to eliminate the oversight of Hydro One by various accountability officers, including my office. In particular, I would like to see schedule 30, which would amend the Ombudsman Act, withdrawn in its entirety.

1450

As I understand it, the argument in favour of abandoning independent, external scrutiny of Hydro One by the legislative officers is that it is necessary in order to attract investors and that the corporation is partially privatized. It's also suggested that an in-house ombudsperson would ensure that customer concerns are addressed in the future.

Perhaps this argument might have been more persuasive if I had not just completed an extended investigation of Hydro One after receiving an unprecedented 10,565 complaints. I'll be issuing my final report on May 25, Monday morning, but I've already reported publicly on some of the horror stories that we have uncovered.

For instance, a Sudbury man was charged $23,775 for using more than 100,000 kilowatt hours at his cottage in

19 months, the amount of electricity that five full-time homes would normally require in two years. My office determined that Hydro One's new computer system had triggered a meter rollover, resulting in the large overcharge. It later corrected the bill and gave him a service credit of $402.

Then there was the London-area father of two children who was frantic about being threatened about having his electricity cut off in the coldest February on record for Ontario. Our staff confirmed with Hydro One that it never intended to disconnect his service. It was rather a tactic to get him to fork over some cash, which he did, after borrowing money to pay part of the balance and entering into a repayment plan.

Then there was the widow from Renfrew county who had set up preauthorized payments but suddenly found that $5,500 had been withdrawn from her account, triggering $89 in overdraft fees. Hydro One admitted it was a mistake but said processing a refund would take two weeks. Hydro One told us that the women's smart meter was not communicating properly and had been underestimating the power use of her property for two years. The overdraft and fees were eventually reversed. She also received a credit for $661 on her account and entered into a 48-month repayment plan.

It took months for Hydro One to admit that implementation of the new computerized billing system in 2003 triggered a host of billing problems. On March 11, 2015, it acknowledged that at least 78,000 people had been affected by billing issues. Throughout the province, tens of thousands of individuals were distraught by billing issues and received a flurry of estimated bills, a huge cache of bills, bills with highly inflated amounts and, in some cases, no bills at all for extended periods of time.

When they tried to get things straightened out, they were faced, very often, with rude, insensitive and singularly unhelpful responses from Hydro One and its outsourced call centre. To compound the situation, Hydro One continued to treat its customers with disrespect, disingenuously threatening to disconnect electricity in winter months despite its policy never to do so.

Since my investigation was launched, and the billing and customer service mess at Hydro One was exposed, the company has been frantically trying to rehabilitate its reputation.

Now, I have no doubt, having closely examined Hydro One's inner workings, that a company ombudsperson influenced by the prevailing internal culture would simply have swept this whole episode under the corporate rug. Without the prospect of external scrutiny, Hydro One's customers will be again at risk.

When a corporation provides a monopolistic service without appropriate accountability safeguards, its customers are vulnerable to the profit motive and are easily dismissed and disregarded.

Electricity is a vital service in Ontario. In some jurisdictions, it has been recognized that utility customers need protection beyond what regulatory agencies, the courts or internal customer advocates can offer.

The Chair (Ms. Soo Wong): Mr. Marin, can you wrap up, please?

Mr. André Marin: I have one final sentence: In jurisdictions around the world, ombudsmen are not only responsible for supervising public bodies but ensuring that private electricity, telephony, water, gas and mail providers treat their customers fairly.

The Chair (Ms. Soo Wong): Okay. I'm going to turn to Mr. McNaughton.

Mr. Monte McNaughton: Thank you very much for that presentation and for being here at committee. You said that you had 10,565 complaints. I feel that probably 5,000 of those came from my riding. It's predominantly served—the customers there, the constituents—by Hydro One.

What does this mean to the people of Ontario, that there's going to be no oversight of a public utility that they're still going to own 40% of?

Mr. André Marin: Well, it's troublesome. As I indicated in my opening, all these things happened, and when we announced the investigation into Hydro One, we were all told by Hydro One officials: "Oh, it's water under the bridge. Things are still fixed." As I talk today, complaints are still trickling in—six, seven, eight. So it concerns me that, under this new era, there will be no place to turn to.

A good example of something similar having happened over the years is the example of Tarion, which used to be the Ontario new home warranty. It was devolved from the government. We lost jurisdiction. An internal ombudsman was created. I get calls or emails almost on a daily basis, asking us to speak out on the need for Tarion to be accountable to the outside. So I fear that this is another Tarion in the making.

Mr. Monte McNaughton: To me, regardless of political stripe, this reeks of political cover-up. Today the government announced—I am assuming, to pre-empt your presentation here at committee—that you're going to have oversight of school boards; I believe that was the announcement. Yet they're taking the oversight away from something where, obviously, there needs to be public oversight. Is it fair to say that they're taking this away from the office to prevent political risk?

Mr. André Marin: I can't comment on the political risk, but certainly they are taking Hydro One away from our oversight, which is unfortunate. I would think that if Commissioner Ed Clark had had the benefit of reading the report before writing his, I'm not so sure that he would have persisted in suggesting that we would not have oversight.

As I mentioned before, there's a trend around the world to put the classical ombudsman in various jurisdictions, to oversee the private sector utility business. But here in Ontario, we have a mental blockage: "It's going to the private sector. The Ombudsman of Ontario has no business."

It's like a fait accompli, whereas we are really, in Ontario, swimming against the fish.

Mr. Monte McNaughton: So it's fair to say that your one simple ask today would be, since 40% of this is still

going to be owned by the public, that oversight should remain.

Mr. André Marin: Absolutely. I think, if you have an opportunity to see our report on Monday, you will see that these are the kinds of horror stories that—there's no way an internal ombudsman, buried in the innards of the corporation, would have been able to address these issues.

Again, when was the last time we heard a negative public report criticizing Tarion by the Tarion ombudsman? I don't remember seeing one at all. So I wouldn't expect an internal ombudsman at Hydro One to be able to handle these kinds of issues.

Mr. Monte McNaughton: Great. Thank you very much.

The Chair (Ms. Soo Wong): I'm going to Ms. French.

Ms. Jennifer K. French: Thank you both very much for being here. I'm looking forward to the report on Monday.

As you have said, you've received over 10,500 complaints—many of them, I guess, from MPP McNaughton's riding—the largest number that you have ever received about a single organization. In your opinion, do you think that the number of complaints from the public is likely to increase or decrease with the privatization of Hydro One?

Mr. André Marin: It's hard to predict, but certainly Hydro One needs to go through a cultural shock before it can recover, Madam Chair. We saw this in the OLG and MPAC. Our investigations led to that kind of cultural shock.

Now, will privatization lead to that cultural shock, or will fear from investors mean that the corporation continues to plod? I'd like to believe that, overnight—zap—all the problems will disappear as soon as it's privatized. But if you look at history, that's very unlikely to happen.

Ms. Jennifer K. French: Thank you. Eight independent officers of the House, including both of you, have banded together to express concern over reducing important oversight. What prompted you to take that immediate and unprecedented action?

Mr. André Marin: It was the brainchild of my colleague, and for which I'm extremely grateful. But we quickly realized that it was no-brainer as far as officers of Parliament were concerned. It's just that we've all had our experiences, particularly the Auditor General and myself, at Hydro One. We realized that this is not the kind of thing that is in the public interest, to get rid of our two offices, with the state that Hydro One is in right now.

1500

Ms. Bonnie Lysyk: I'm just not sure, in terms of time, whether I'll be able to read my intro on this—

The Chair (Ms. Soo Wong): No. Under the order of the House, every witness, whether it's a group, is only allowed five minutes for presentation.

Ms. Bonnie Lysyk: Okay.

Ms. Jennifer K. French: I can ask you a question on that, if you'd like to—

Ms. Bonnie Lysyk: Okay. You know what? With respect to the joint statement, I think the one thing to keep in mind is that Hydro will still be substantially owned by the public, the taxpayers/ratepayers. So the fact that there's an evolution in this process—it doesn't make sense to immediately remove oversight by the independent officers. There's a lot of ongoing work. We in fact are working on the power system planning audit. We have an audit of the transmission system of Hydro One going on, and we'll be doing a follow-up of smart meters.

Now, with the change, the follow-up on all those audits will never be conducted. There isn't anybody under the OSC or under the OEB that will be able to do that similar type of work.

So, at the end of the day, Hydro One will be consolidated within the public accounts of the province of Ontario and, for that reason, it makes sense to have oversight.

The other side is, when there are dramatic changes made to mandates of legislative officers, I personally think it's really important to have a very good discussion around the logic of excluding officers or changing their mandates—just as a protocol, I think.

Thank you.

The Chair (Ms. Soo Wong): Okay. I'm going to turn to the government side for the question. Mr. Delaney?

Mrs. Laura Albanese: Actually, I would like to start—

The Chair (Ms. Soo Wong): Oh, Ms. Albanese. Okay. Sorry.

Mrs. Laura Albanese: —if I may, Madam Chair.

I want to thank you both for being here today, for taking the time to speak to the committee.

As you are aware, to maintain the public trust throughout the initial public offering—so this is a question that I'm sort of asking both of you. You know that the former Auditor General of Canada, Denis Desautels, has agreed to serve as a special adviser to the Minister of Energy, to provide advice about the processes that are related to the engagement of financial advisers and of other service providers for the IPO.

Hydro One, as you pointed out, will be required to establish a dedicated ombudsman, similar to those who are found in other public companies. The former Auditor General of Canada will provide advice on how to establish the office of this dedicated ombudsman, to ensure that transparency, objectivity and accountability are followed.

In addition, the Ontario Energy Board would continue to protect the public interest, and the powers of the OEB would be enhanced, including the creation of a consumer advocacy role.

I'm just talking about all the different provisions that are there.

Ontario's proposal to go public with the shares of Hydro One is also preceded by a number of other examples of similar decisions that were taken at different levels of government. For example, Petro-Canada ceased to be a crown corporation, so the Auditor General Act of

Canada no longer applies to Petro-Canada. Another example is CN Rail. The Auditor General Act of Canada no longer applies to CN Rail, because it is no longer a crown corporation.

In regard to the complaints, the approach that we have taken to broaden the ownership is so that we have a company—a public company—that would operate, hopefully, efficiently and better serve the interests of the ratepayers and the customers of Hydro One.

So my question to you is, would you agree that a publicly traded company doesn't have the oversight of the Ombudsman, of the Auditor General, but instead has a different set of mechanisms of oversight for disclosure obligations?

Ms. Bonnie Lysyk: I would say that in the case of Hydro One, though, this is a very different animal in terms of the way the governance will be set up and the way the tranches of the sale of the shares will be handled. So, in essence, from an accounting perspective and from the public accounts perspective, Hydro One will be rolled into the consolidated statements of the public accounts.

The Chair (Ms. Soo Wong): I'm very sorry, Ms. Lysyk. Time's up. I'm going to go to the next witness before us. Thank you.

ENTERTAINMENT SOFTWARE ASSOCIATION OF CANADA

The Chair (Ms. Soo Wong): The next group coming before the committee is the Entertainment Software Association of Canada. Good afternoon. I'm going to let you settle in before I give you some instructions.

Mr. Hilchie, you have five minutes for your presentation, followed by three minutes of questioning from each caucus. This round of questioning will begin with the official third party. You may begin at any time for the five-minute presentation. When you begin, can you please identify yourself for the purpose of the Hansard.

Mr. Jayson Hilchie: Good afternoon. I'd like to thank the committee for inviting me this afternoon. My name is Jayson Hilchie, and I'm the president and CEO of the Entertainment Software Association of Canada, or ESAC. ESAC represents some of the largest and most innovative video game companies operating right across Canada. In Canada, our industry contributes $2.3 billion to the GDP and is growing at an impressive rate, outpacing growth in most other sectors of the economy.

Today, I'd like to talk briefly about the Ontario Interactive Digital Media Tax Credit, or the OIDMTC. This credit is vital to the long-term well-being of Ontario's video game industry. But first, just a few words on the current state of Ontario's video game sector. This sector has grown steadily over the past several years; it has diversified, with several start-ups now part of a thriving landscape. In no small way, this industry is reinventing the meaning of high-value manufacturing in the province of Ontario. The digital economy will make up a progressively larger portion of Ontario's economic output in the future, and Ontario's video game industry is at the centre of that transformation. To date, major video game blockbusters and critically acclaimed mobile games have been developed in Ontario. A thriving ecosystem needs to be maintained in order to create and transfer knowledge and expertise, and to foster synergies between companies and with other creative sectors.

With more than 100 companies and a highly talented and skilled workforce of almost 2,000 people already working in cities like Toronto, Ottawa, London, Kitchener and Waterloo, Ontario is establishing itself as a real player in the highly competitive global video game industry. In fact, with similar tax credits available in Newfoundland and Labrador, Nova Scotia, PEI, Quebec, Manitoba and British Columbia, and many more in other countries and jurisdictions around the world, there is fierce competition for attracting video game companies. The industry in Ontario spends approximately $134 million directly into the local economy and provides salaries of, on average, just over $72,000 to a workforce which is highly skilled, dynamic and generally young, having an average age of just 31 years old.

Starting in August 2013, our association—myself, primarily—began working with the Ontario government and other industry stakeholders to consult on ways to reduce the costs associated with the OIDMTC while preserving its core function as a job-creating measure for skilled Ontarians. We continue to believe that the OIDMTC should benefit both locally owned and multinational video game companies established in Ontario, which in turn benefits the greater provincial economy. In fact, research we conducted in 2013 shows us that the OIDMTC fully recovers its investment through the overall economic impact that the industry has on the province of Ontario. We're pleased with the measures that the government announced in its recent budget, which will tighten the eligibility of the credit while maintaining it at its current rate. Preserving this tool at its current rate will keep Ontario competitive and help provide some stability as companies make investment decisions in the future.

We were also pleased to see that the interactive digital media fund, or IDM fund, was revived and even bolstered in the years to come. This will principally benefit smaller companies in our industry and continue to spur innovation and new companies that could eventually become the next global players.

1510

Again, I'd like to thank the government for believing in this industry and recognizing its worth and continued potential. I'm also thankful to this committee for its invitation, and I'll gladly spend the rest of my time answering questions.

The Chair (Ms. Soo Wong): Thank you very much. I'm going to turn to Ms. French.

Ms. Jennifer K. French: Thank you, and welcome to Queen's Park. We appreciate your presentation today. As I mentioned earlier when we had a presenter, my brother is in the video game industry in San Francisco and he's no longer so young, so he has really watched it change and he has been a part of that change.

As you've said, it has grown and diversified as part of, I think you said, a thriving landscape. This is something that we had heard a little bit earlier about; you used the word "synergy"—collaborative efforts. Can you explain a little bit about how what we see in the budget—how those two things connect?

Mr. Jayson Hilchie: Synergies in regard to the collaboration with the government, or synergies—

Ms. Jennifer K. French: Not with the government but within the industry.

Mr. Jayson Hilchie: Within the industry.

Ms. Jennifer K. French: How would that would promote or help—

Mr. Jayson Hilchie: First of all, I represent the video game industry, so most of my comments will be related to how the tax credit changes impact the video game industry. Obviously, I realize that the tightening of the eligibility reduces the number of companies, I guess, outside of that that are going to qualify for it. But in terms of the video game industry, this credit was primarily created to support the attraction of the video game companies in our industry that were not native to Ontario, that were global players that could set up anywhere.

Obviously, because these exist in so many different jurisdictions, when provinces make commitments about these types of incentives, the more that they solidify their commitment to those, the greater the confidence is in the businesses to make investments. Companies like Ubisoft and Rockstar and Glu Mobile who are our members obviously see those types of decisions made and are able to plan more into the future.

I would suggest, and I would truly believe, that the changes made will help bolster the number of hires that will be made in the video game industry in the years to come.

Ms. Jennifer K. French: We've heard from some producers how the cuts to the Ontario Production Services Tax Credit and the Ontario Computer Animation and Special Effects Tax Credit will hurt their business. Can you explain further what impact the immediate implementation of these cuts could have on your members?

Mr. Jayson Hilchie: Sure. I think that on the fringes we certainly have some connections with film. Some of our members, Ubisoft included—it has a motion capture studio here in Ontario that the government helped support, that is well-known, that uses actors and film folks to capture motion acting, and then they animate those and they speak over the characters.

But in terms of the changes to the film production tax credit, I don't see a lot of initial impact on the video game industry per se, no.

Ms. Jennifer K. French: Good. Thank you.

The Chair (Ms. Soo Wong): Thank you very much. I'm going to turn to the government side. Ms. Hoggarth.

Ms. Ann Hoggarth: Good afternoon. Thanks for your presentation. I understand that the reduction of the development requirement from 90% to 80% will allow tax credits to be processed much faster. How will this benefit your company?

Mr. Jayson Hilchie: I sit on an OMDC committee on digital media, and currently, from my understanding, the backlog of tax credit applications in Ontario is close to two years. If you're a video game company and you submit a tax credit application in 2015, you're probably not going to get a cent from the Ontario government until 2017, at minimum. So it certainly creates a problem in regard to cash flow in companies when oftentimes the tax credits are used to pay for the next project.

But I think that the 80% rule is going to at least help the folks at OMDC who are processing these applications to spend less time determining whether or not a project is eligible, and then they can move it to the next step. I hope over time we'll see a reduction in processing times, and that will certainly benefit our industry.

Ms. Ann Hoggarth: As Martha would say, it's a good thing.

Mr. Jayson Hilchie: It's a good thing.

Ms. Ann Hoggarth: Also, can you talk about how the gaming industry has grown in the last decade and explain some of the contributors to this success?

Mr. Jayson Hilchie: Sure. The video game industry in Ontario is actually quite young; quite small when you consider that it employs roughly 2,000 people. British Columbia employs close to 6,000 people and Montreal is just over 9,000 people, in Quebec. What we see is a growing industry, but if you speak to some of the original founders of video game companies in Ontario such as Digital Extremes and the former Silicon Knights—those people were really the innovators in driving the video game industry from nothing here two decades ago. I speak with them quite often, and you can certainly hear from them how the employment numbers in Ontario have gone from tens to hundreds to now into the two thousands. Certainly with this tax credit, since it was created, you've seen a steady increase in the employment numbers here in Ontario.

Ms. Ann Hoggarth: I understand that Ontario will remain, because of these, the most competitive jurisdiction in the whole country?

Mr. Jayson Hilchie: It certainly has a competitive tax credit. I don't know if it's exactly the most competitive in Canada. Obviously, the percentage rate is only one aspect of a tax credit. Eligibility and things you can include as part of the salaries that are captured are all intricate in the various tax credits that exist. But it is certainly one of the most competitive tax credits in Canada for sure.

Ms. Ann Hoggarth: That's great. Thank you.

The Chair (Ms. Soo Wong): I'm going to turn to Mr. McNaughton.

Mr. Monte McNaughton: Thank you very much. Your story is well known, I think, now in Ontario. A lot of people think that this industry is located only in Toronto, in the GTA, but I wondered if you could share some of the success stories throughout Ontario. I know in London there's a couple of companies that are really prospering there and some other companies across the province.

Mr. Jayson Hilchie: Yes. London is a good example because, obviously, it's home to Digital Extremes, which

would be the largest independently owned video game company, though I think they were purchased last year. But they were, and I do believe still somewhat are, an Ontario-started and -owned company.

You've also got a couple of other medium to large companies like Big Blue Bubble and Big Viking Games. Also in Ottawa—I'm headed to Ottawa next Monday for the Ottawa International Game Conference—there is a burgeoning video game industry, with companies such as Magmic and Gigataur making games for Star Wars and Mattel. You've got a number of different jurisdictions. Even in St. Catharines, there used to be a large presence in the video game industry. I think the Hamilton area is now starting to make a little bit of a comeback. But I would say the bulk of the activity does happen in Toronto, as it does with every province and their major cities.

Mr. Monte McNaughton: Great. Thank you very much.

The Chair (Ms. Soo Wong): Thank you very much for your presentation and for being here.

ONTARIO ROAD BUILDERS' ASSOCIATION

The Chair (Ms. Soo Wong): I believe the next presenter before us is the Ontario Road Builders' Association. Welcome. I know we're ahead of schedule, so we're pleased you could come join us. Ms. De Souza and Mr. Wilkinson, you have five minutes for your presentation, followed by three minutes of questioning. This round of questioning will begin from the government side. You may begin any time. When you begin, can you please identify yourselves for the purpose of Hansard?

Mr. Geoff Wilkinson: Thank you for having us. My name is Geoff Wilkinson, and I'm the executive director with the Ontario Road Builders' Association. With me today is Ashley De Souza, director of government relations with ORBA. We're pleased to be able to speak today regarding Bill 91, the Building Ontario Up Act.

Founded in 1927, the Ontario Road Builders' Association, or ORBA, is the voice of the transportation infrastructure sector in Ontario. ORBA represents approximately 200 union and non-union contractors and suppliers of construction products and equipment. Our members build the majority of provincial and municipal roads, bridges and transit infrastructure across the province, and we employ approximately 30,000 workers at peak season.

The objectives of ORBA's advocacy efforts are threefold: to promote infrastructure investments; to influence changing legislation and regulation that will have an impact on the business of member companies; and to promote fair, open, transparent and equitable procurement practices.

ORBA was pleased to see that dedicated funds for Moving Ontario Forward, Ontario's transit and transportation investment plan, would increase by $2.6 billion, for a total of $31.5 billion over 10 years. Transportation infrastructure is a critical public asset. It affects people's everyday lives and business competitiveness while also playing a key role in long-term economic growth and development. Poorly maintained infrastructure delivers a lower quality of services, costs more to repair and replace, and can increase risk to health and safety from potential failures.

1520

This budget bill proposes to maintain capital spending levels at provincial highways management at approximately $2.5 billion, which is something ORBA has long advocated for. Having consistent and reliable funding will allow our members to plan for the future and look at capacity, as individual companies ensure that we're looking to invest in the right areas. It also creates significant benefits to Ontario's economy as a whole. Recent studies show that for every $1.25 billion invested in highway construction, it's estimated that over 21,000 direct jobs are created, with $570 million of total employment income created. When including indirect employment created, those numbers increase to $1.3 billion in employment income and 47,000 person years of employment.

An area where we have been very pleased to see considerable progress this year is around early tender calls for MTO projects. Ontario has a short construction season. It has been said before that road builders need to do a year's worth of work in eight or nine months, and that's shortened to a measly six months in the North. That's why having tenders for projects called as early in the year as possible is so vitally important to ORBA members. A staple of ORBA's advocacy work with MTO every year is advocating for more early tender calls each and every year. This would mean putting out an increasingly higher percentage of tenders in the winter months of January to March. It would give contractors an opportunity to, at the very minimum, plan for a base level of work for the coming season. This would help to improve labour supply challenges, and on the flip side, it would help avoid issues that are created when members are challenged to try to finish projects before winter weather unexpectedly arrives. Utilizing more early tender calls can ensure public sector owners are maximizing the amount of projects out of the tender during the construction season, which can ultimately eliminate the inefficiencies in the delivery of projects, improve quality, and subsequently lower the cost of construction services for taxpayers.

We're very pleased and would like to congratulate the government on its commitment this year to releasing the most early tender calls to date: 72 tenders, at approximately $785 million. We hope to be able to build on this momentum in future years.

Lastly, while much has been done to help municipalities with their infrastructure needs, more still needs to be done. Municipalities are currently facing an infrastructure deficit of over $60 billion, of which $28 billion accounts for the infrastructure gap for roads and bridges alone. Municipalities own almost 50% of Ontario's public infra-

structure, more than double the provincial and federal governments combined. We need commitments from all levels of government to ensure that substantive measures are being taken to eliminate the staggering infrastructure deficit currently facing municipalities, in order to place municipalities and Ontario at a competitive advantage. Thank you.

The Chair (Ms. Soo Wong): Thank you very much. I'm going to turn to Mr. Milczyn to start the questioning.

Mr. Peter Z. Milczyn: Thank you very much for your presentation today and for your ongoing partnership in Ontario in building the roads that residents and businesses all depend on on a daily basis.

In your submission, you mentioned the level of infrastructure funding. In your experience over the years, how does the current level of infrastructure spending by the province compare to what we had 10 or 15 years ago?

Mr. Geoff Wilkinson: We have experienced increases, I would say, over the past 10 years. We're at a level, I think, where government is understanding the importance of spending on transportation infrastructure, so that's a very positive thing for us and for the industry, and it's something that we can continue to build on. I think there's still more room, as we see from some of the things like municipal infrastructure deficits, where we still need to continue to invest.

Mr. Peter Z. Milczyn: On the issue of municipal infrastructure, our government has brought in some certainty for municipalities, especially smaller municipalities, in terms of the levels of funding for infrastructure—that they can expect half the money is formula-based on their population and the size of their assets, and the other half is application-based, depending on their needs. That's one of the things that we've done. Also, by having a 10-year infrastructure plan, that also, I assume, is one of the reasons why MTO is now in a better position to have early tender calls.

Is all of this building more certainty into the system helpful to your members, and helpful to your members in terms of delivering the services that we ask you to deliver to us?

Mr. Geoff Wilkinson: Yes, it's definitely very helpful. For our members to have those long-term plans, as well as the short-terms, is key to their businesses. When our businesses are looking for growth, they look towards those plans, both from the municipal perspective—

Mr. Peter Z. Milczyn: Just one final question I want to get in: You mentioned our level of funding and a municipal deficit. If the federal government were to match the provincial government in the level of spending, do you think that would go a long way in tackling the municipal infrastructure deficit?

Mr. Geoff Wilkinson: I think that would certainly help.

Mr. Peter Z. Milczyn: Thank you.

The Chair (Ms. Soo Wong): We turn to Mr. McNaughton.

Mr. Monte McNaughton: Just a couple of quick questions. I thought that was a good point you made on the early tender calls. It makes sense. I wonder if you could explain to me, just for interest's sake, when these early tender calls happen, does the government get guaranteed pricing at that point? Say your members' costs go up in the meantime, before they actually build the road. Is the government protected from a pricing standpoint? Does that make sense?

Mr. Ashley De Souza: I think when you look at early tender calls, where you see the efficiencies are—if you can get them out in Q1, you're able to get more work done in that same construction season. Where you're going to see added costs is if contracts are tendered out in Q2 and Q3, in July and August. Work now has to carry over into the next construction season. It becomes very difficult for contractors to be able to plan for next year when they haven't been able to finish projects done in the initial year. Meanwhile, they still have to look at all the carry-over costs of continuing that project into the next year as well.

So having more projects tendered, the earlier the better, helps industry prepare for the season, but also gives taxpayers in the province an opportunity to get lower prices, because you're seeing less overhead costs from the contractors in general.

Mr. Monte McNaughton: Right. Okay. That's how I thought it worked.

Lastly, I know you didn't touch on it, but I was just curious if you could explain what the province's road management database is like. Is there a database that's used by the province so that they know at all times when roads have been redone in the past and what needs to be done next?

Mr. Geoff Wilkinson: That's a very good question. I know that the MTO is actively working on those types of things. Without actually knowing the answer to it, we have not had any problems with the MTO with regards to their asset management and understanding what their assets are, so I would say when comparing the province itself to municipalities, they are much further ahead in understanding what assets they have, as well as the conditions of their assets. That's key as well.

Mr. Monte McNaughton: Yes. I ask because a number of stakeholders talked about that a few years ago, and I just wondered where the province was at with that, and municipalities as well. Thanks.

The Chair (Ms. Soo Wong): Thank you, Mr. Wilkinson. I'm going to Ms. French.

Ms. Jennifer K. French: Thank you for joining us today here at Queen's Park. As you had said at the beginning, the budget is supposedly building Ontario up, but really, it's your members who are building Ontario out, across and in every direction. So thank you for that.

You had made the comment about short-term plans and long-term plans, that your members need to be able to plan for the future. Of course, we recognize that our communities need to be able to plan for the future as well.

In terms of forward thinking or long-range planning, when we look down the road, we want there to be a road.

Can you make a comment, I guess, about the sell-off of Hydro One? One of the pieces of that is that we've heard a lot about transit and building infrastructure. I'll read to you something here. It says the purposes of the act are amended to include selling off parts of Hydro One "and making the proceeds of any such disposition available to be appropriated for any government of Ontario purpose." So it's not limited to infrastructure.

1530

What are your thoughts on the fact that Bill 91 doesn't require that the proceeds from the sale of Hydro One or any revenue from that sell-off has to go to infrastructure or the Trillium Trust?

Mr. Geoff Wilkinson: I think that's a challenging question for us to answer as road builders. We tend to be on the expense side of things as opposed to the revenue side of the equation there. I would say that we always look to government in terms of making the right decisions in terms of helping to ensure that infrastructure is always important, especially transportation infrastructure, and that that remains a priority.

Mr. Ashley De Souza: I think, when you look at the decisions of how expenditures are made, I'll leave that up to policy-makers to decide what the best course of action is. From our perspective, I think we can all agree that more needs to be done in terms of where we spend and how we spend—also spending wisely to make sure we're getting great value for taxpayers and ensuring that we're building quality products for the people of Ontario. I won't speculate in terms of the decision the policy-makers want to make in terms of how money is allocated.

We just continually impress upon government and all decision-makers that we want to see more investments and that we need to tackle this infrastructure deficit as soon as possible. It is crippling economies across the province. The more we can do right now, the better positioned Ontario and municipalities will be in terms of a competitive advantage.

Ms. Jennifer K. French: When you had used the term "dedicated" to transit, I flagged that because we're crossing our fingers that that is indeed going to be dedicated, because as we see in the bill there's no safeguard for that to happen.

You're aware of the state of our roads across the province; that's fair to say. A report recently came out about the state of our northern roads. Do you have any thoughts on the state of our northern roads and if we should be investing in infrastructure up there?

Mr. Geoff Wilkinson: Yes, I think it's a very fair comment. I think that we need to be investing right across Ontario. There's no areas, I think, that are immune from this challenge. I know that we have gone and met with mayors ourselves, including in northern Ontario, and we hear sometimes the challenge that they have around their uniqueness and in presenting themselves as being unique and requiring additional funds for that purpose. I think there are areas of the north that would fall within that category, and we have to remember that through our advocacy work.

Ms. Jennifer K. French: Thank you.

The Chair (Ms. Soo Wong): Thank you, Mr. Wilkinson and Mr. De Souza, for being here and for your submission.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

The Chair (Ms. Soo Wong): The next group coming before us is the Registered Nurses' Association of Ontario. I believe the Clerk is coming around with the written submission as well. Welcome, Dr. Grinspun and Mr. Jarvi.

Ms. Doris Grinspun: Thank you very much for having us today.

The Chair (Ms. Soo Wong): I'm just going to do some preamble first. You have five minutes for your presentation, followed by three minutes of questioning from each caucus. This round of questions will begin with the official opposition party. You may begin any time. Can you please begin by introducing yourself for the purpose of Hansard.

Ms. Doris Grinspun: Good afternoon. My name is Doris Grinspun, and I'm the CEO of the Registered Nurses' Association of Ontario, RNAO. With me today is Kim Jarvi, RNAO's senior economist. We appreciate this opportunity to respond to Bill 91, the budget measures act. In the interest of maximizing time, I will deliver a condensed version of the speaking notes you have in your packages.

First, I will offer a few of our key responses to the budget itself. RNAO was pleased with the government enhancing access to care by removing barriers to nurse practitioners making direct referrals to specialists, announced during Nursing Week. We now urge the government to deliver on its promise to create 75 new nurse practitioner positions in long-term-care homes by specifying a long-overdue implementation plan. Simply said, seniors need that.

We are gravely concerned with the continuation of austerity budgeting. It puts access to care and patient safety at risk by opening the door to damaging practices. For example, shortfalls in government funding were used as the rationale for some hospitals deciding to engage in medical tourism. We applaud Minister Hoskins for sending a directive to stop marketing abroad and urge him and Premier Wynne to proceed with a legislative ban that prohibits this practice. It still exists and is on the website of one of our hospitals.

Budget cuts in the hospital sector have also led some hospital executives to engage in yet another cycle of misguided replacement of RNs with lower-cost providers. We urge the government to immediately call on hospital executives to stop the replacement of RNs, given the evidence shows unequivocally that the outcomes will be worse and the costs will be higher if we replace RNs.

We do support moving closer to the community and we have said so, but that must not happen at the expense of quality and safe care. In fact, in this regard, we

reiterate RNAO's recommendation issued first in 2012 to commence a three-year devolution of CCAC functions to primary care and to the local health integrated networks, LHINs. This would create an administrative savings of over $200 million—in fact, quite a bit more than that today—that would be better spent on more hours of home care for Ontarians.

To get there, government should transfer care coordinators and health system navigation to primary care and bring primary care, home health care and public health into the LHIN umbrella to enable whole-system planning, funding and accountability. Add to such realignment the expansion of the RNs' scope of practice, including RN prescribing—which both the Premier and Minister Hoskins committed to moving forward this year—and we could unlock the system and truly put Ontarians' access to timely and quality care first. That's the recipe, not deleting RNs or privatizing the system.

Nurses know that good health outcomes depend not only on access to health care services but also healthy physical and social environments. When it comes to the social determinants of health, the budget was disappointing. Social assistance rates, already woefully inadequate, failed to keep pace with inflation. As part of its poverty reduction strategy, the government must adopt ambitious targets, timelines and investments, including funding social assistance at levels that reflect the real cost of living.

The budget measures bill itself sets the stage for the sale of Hydro One to address the government revenue problem. However, nurses fail to understand the logic of selling off revenue-generating assets to fill an ongoing revenue shortfall.

We have several concerns. First, the sale would create a new shareholder or stakeholder, with a powerful incentive to turn public energy policy to its own advantage—at a time when we also want to tackle climate change.

Second, the sale is almost certain to be a long-term net loss to government once buyers discount the value of that future revenue stream for risk, and then need a rate of return. When sale commissions are subtracted, what's left over for government will have less value than the asset itself.

Third, Bill 91 would deliver a huge loss in accountability as Hydro One would be exempt from virtually all normal scrutiny of public sector organizations. Therefore, RNAO calls on the government to maintain full, independent oversight of Hydro One and to halt the sale of public assets.

Before closing, nurses want to urge the Wynne government to abandon the austerity agenda. Ontario will have the second-lowest level of program spending over GDP of all provinces in Canada after Alberta. An examination of the budget figures shows that the bulk of the reductions in the deficit comes at the expense of program spending. Ontario could restore fiscal capacity and has taken a very important step by pricing carbon. It should follow that with other environmental user fees, and make polluters pay, not Ontarians, and it should make its tax revenue structure more equitable by relying on progressive income taxes.

In closing, we thank the standing committee for this opportunity, and we look forward to continuing our strong partnership to advance healthy public policy in the year ahead in Ontario.

The Chair (Ms. Soo Wong): Okay, I need to stop you here. I'm going to turn to Mr. McNaughton.

Mr. Monte McNaughton: Could you talk a bit about the number of nurses that are being let go across the province? It seems every time you open a newspaper, there's another city or town in Ontario where nurses are being laid off. I think the number in North Bay my colleague talked about was something like 94 full-time positions and something like 34 part-time. So how many nurses are actually being fired in Ontario today?

1540

Ms. Doris Grinspun: Let me tell you about two things: the number of nurses replaced, and I will speak specifically about RNs because RNs actually, the evidence shows, produce better health outcomes at a lower price at the end of the road; and also the issue of models of care delivery, which, this committee needs to understand, are both a dovetailing to a very toxic recipe.

We do have layoffs. We understand from our colleagues at ONA that it's about 400—it ranges between 300 to 400 in the province. Let me tell you that one is too many when it refers to RNs. The research shows conclusively that the number of hours of RN care results in higher health outcomes, better health outcomes and lower cost.

The other is models of care delivery. If you have a patient who is stable with predictable outcomes, give that patient to an RPN—the entire patient care. If the patient is not stable, which they shouldn't, in our hospitals, by the most—and in fact in the community, at the beginning, are not—give them to an RN until the RN deems that they can be transferred, but the entire patient care. When you chop patient care into pieces, which some organizations are doing, that's when you get the most mistakes and the worst health outcomes.

Mr. Monte McNaughton: You talked about the savings of the potential CCAC devolution if the government moved in that direction. Why do you think the government is so committed to this form within the health care system? Because I think everybody knows it's expensive.

Ms. Doris Grinspun: Thank you for asking the question. It's beyond my understanding, to tell you the truth, because, actually, they do fully have the support of the PCs and they fully have the support of the NDP. My understanding is that the minister is quite sympathetic, and so have been other members of today's government, to the ECCO model, which has said, since 2012, that we need to devolve CCACs in a staged approach so we don't create havoc.

The reality is that the Ontario Primary Care Council, which brings together the OMA, RNAO and all the primary care players in the field, has said that care coordination belongs in primary care, not in a store down

at the corner. So if you move the care coordinators to primary care and then you move the health system planning to the LHINs—that's what they were supposed to be doing—then you actually not only don't lose the resources, but you have them in a better place and you save over $200 million in administrative and buildings etc. that will be better spent in hours of care.

Mr. Monte McNaughton: Thank you.

The Chair (Ms. Soo Wong): Okay. I need to stop you there. I'm going to go to Ms. French.

Ms. Jennifer K. French: Welcome to Queen's Park. We're glad to have you. I was glad to have breakfast with some of our local nurses and also some of our nursing students. It was a great opportunity to hear some of their concerns and clearly their expertise in the field. They had some concerns, especially the students I was speaking to. They were even having difficulties fulfilling their placements because there aren't enough full-time nurses to shadow, in some cases.

Anyway, to the point that my colleague made about layoffs and pink slips and whatnot, we know that hospital budgets have now been frozen for about four years. Do you think that the privatization and sell-off of Hydro One and the resulting increase in energy prices would mean more pink slips and more layoffs for front-line staff or front-line workers?

Mr. Kim Jarvi: Well, I would say—you're directing in several different—

Ms. Jennifer K. French: How do you think it might affect—

Mr. Kim Jarvi: —in several different ways. One thing is, you're sacrificing a pretty reliable stream of revenue for a much smaller revenue stream or a chunk of money that's not worth as much, and that, in the end, is going to affect your ability to hire nurses in the go-forward. So I think, number one, you've got a problem right there.

As to the effective cost on energy, it depends upon how much is privatized, but once you create a stakeholder that has an interest in playing with energy policy, all bets are off, I think.

Ms. Jennifer K. French: If we see an increase or when we see an increase in energy costs, what would that look like in our hospitals?

Ms. Doris Grinspun: Well, an overall increase in energy costs that is derived from privatization and not from doing anything good—increases in energy costs because we use more renewables that at the beginning may be costly but actually end up costing less in the end. As an investment that will improve the environment, one could understand. When you will have potential energy cost increases out of simply privatizing and putting it in the pockets of Bay Street, that's simply wrong. It's simply wrong for Ontarians as taxpayers—not only for nurses as having jobs, and for government to have the revenues to hire not only nurses, but teachers etc.

So the idea of privatizing a public asset, especially at a time when we're talking about climate change, makes no sense to us.

Ms. Jennifer K. French: So a decrease in predictable revenue— is that going to have any impact on patient care?

Ms. Doris Grinspun: It will have an impact on everything, including patient care, yes.

We are saying, if you want to have more revenue, do more progressive taxation. If you want to have more revenue, ask for money from polluters. If you want to save money, do—

The Chair (Ms. Soo Wong): Dr. Grinspun, I need to stop you there. I'm going to Dr. Qaadri.

Mr. Shafiq Qaadri: At the outset, I would like to welcome you once again before another committee, Dr. Grinspun—for your consultation not merely today, for your extremely thorough written presentation, and also, as you quite rightly cited, your ongoing partnership with the government of Ontario to foster better health care, of course vis-à-vis particularly the registered nurses.

I'd like to begin by simply quoting two very key major player stakeholders in the health care field.

This statement was made less than a week ago and is by one Dr. Doris Grinspun, who said: "We are pleased to see that many aspects of the government's plan are consistent with RNAO's visionary ECCO report, which includes significant changes to optimize home and community care. We encourage the government to stay on this path, and proceed with the necessary structural changes, including anchoring the system in primary care and placing more emphasis on health promotion and disease prevention. This will include leveraging poverty reduction strategies and health services."

With that, I would once again commend you on the thoroughness—I can see why you have a PhD, because you've touched not merely on what is perhaps your own mandate and remit representing the registered nurses of Ontario, but you've also touched on carbon pricing as well as Hydro One and accountability. Of course, those are probably issues that I'll leave for yet another committee meeting, which I'm sure you've signed up for already.

Having said that, I'd now like to quote I think very sincere words from the individual to whom I'm parliamentary assistant, and that is the Honourable Kathleen Wynne, Premier of Ontario. I think, as a physician, as you know—and as a registered nurse holding a doctorate yourself, you know that you have a friend not merely in the government of Ontario, but also in the Premier. Perhaps that's because her father is a doctor; I'm not sure. We'll have to confirm that later.

Interjection.

Mr. Shafiq Qaadri: Fair enough.

The Premier said—by the way, as you rightly cited, celebrating Nursing Week—"The commitment of nurses to patient care is commendable and it's inspiring.... As our government works to transform our health care system into one that is patient-centred and sustainable, nurses play a valuable role in helping us to provide that coordinated quality care."

As you also very well know, these are not merely words. This is not rhetoric. This is not merely for the

press release. We have a number of numbers to cite with reference to that. For example, since we took office, as you rightly know, and as you pointed out in some of your documentation, we have something on the order of 24,000 more nurses—not all RNs—in the system since the year 2003.

With due respect to my colleagues from the PC side, you and I were both witnesses to the wonderful experience of—

The Chair (Ms. Soo Wong): Dr. Qaadri, I need to stop you there. Your time is up.

Ms. Doris Grinspun: Can I respond?

The Chair (Ms. Soo Wong): No, I'm so sorry. This is now done. Thank you, Dr. Grinspun, and thank you, Mr. Jarvi.

ONTARIO SOCIETY OF OCCUPATIONAL THERAPISTS

The Chair (Ms. Soo Wong): The next presenter is the Ontario Society of Occupational Therapists. The Clerk is coming around with a handout.

Good afternoon. Welcome. I'm pleased that you're here early. That's great. I'm not sure you heard: We will be asking you to do five minutes of presentation, followed by three minutes of questioning. This round of questioning will be beginning with the third party. When you begin, could you please identify yourself as well as your position with your organization for the purposes of Hansard. You may begin any time.

1550

Ms. Christie Brenchley: Thanks so much. We really want to thank you for the opportunity to present. My name is Christie Brenchley. I'm the executive director of the Ontario Society of Occupational Therapists. I'm accompanied by Karen Rucas, who is an occupational therapist who has worked in the auto insurance sector for the past 25 years, both as an insurer-examiner and as a treating occupational therapist. We're here to speak to the proposed Ontario budget and Bill 91 as they relate to amendments to the Insurance Act and changes to benefits in the province's auto insurance system.

Auto insurers report approximately 50,000 to 60,000 claims for personal injury every year. Occupational therapists for the most part work with the 20% of claimants who have serious injuries and the 1% who have catastrophic injuries, such as paraplegia and brain injuries. We actually see very few people with minor injuries, who make up the remaining 70% to 80% of injuries in Ontario. In short, OTs work with those people whose motor vehicle-related injuries absolutely impact their ability to manage their day-to-day living and employment skills.

We believe we can offer you perspectives on the needs of seriously injured claimants and the impacts that the proposed changes to the SABS will likely have. We believe that the proposed changes, if implemented, impose staggering negative implications for claimants and our publicly funded health care system.

Why? Because first, we believe that the proposed changes are introduced too soon after already significant reductions in benefit entitlement. Changes made in 2010 are just now having an impact on insurers' costs. Secondly, we believe that the proposed changes, building upon already reduced benefits, will so significantly restrict access to necessary rehabilitative and attendant care services for the seriously and catastrophically injured that they will have inadequate coverage to achieve meaningful rehabilitation potential and to meet their attendant care needs.

Ms. Karen Rucas: I'm going to start with attendant care, and I'll talk fast.

OTs are one of two professions identified in the SABS, the statutory accident benefits schedule, that determine a claimant's eligibility for the attendant care benefit, and we quantify their need. This benefit provides support for people objectively assessed to be unable to care for themselves after injury. OTs have witnessed a gradual demise of the attendant care benefit ever since 2010. I draw your attention to the table coverage highlighted in green; we talk about attendant care there.

In 2010, seriously injured claimants had their access to this benefit slashed from $72,000 to $36,000, a 50% reduction. We knew that this would impact those who were seriously injured and who might be facing multiple surgeries and/or waiting for catastrophic designation as they would soon run out of attendant care dollars. This is exactly what happened. These changes have been significant, and the insurance companies have been spared significant cost as a result.

Additionally, September 2010 cuts were made to the medical rehabilitation benefits, seen in your table in white. For those serious but non-cat injuries, these are the dollars that pay for someone to get physio, medications, home modifications, work modifications, and I can go on. These claimants saw benefit reductions from $100,000, established in 1996, slashed another 50% to $50,000. Again, we warned the government back in 2010 that folks would simply run out of funds and would have nowhere to turn for their therapies, and that's exactly what happened.

Further changes in 2010 removed entire benefits, like the housekeeping and home maintenance benefit and the caregiver benefit, in blue on your table, to all but the 1% of catastrophic claimants. This resulted in enormous savings for insurance companies as they now pay neither the benefit nor the cost of the insurers' examinations to determine the eligibility for the benefit. In fact, insurers boasted a 66% reduction in costs for examinations after 2010.

Government then introduced the minor injury guideline, which further reduced benefit access from $50,000 to $3,500 for those claimants who sustained soft tissue injuries, whether single or multiple. This minor injury guideline is found in no other province but Ontario and has led to massive savings for insurance companies for 70% to 80% of claimants who are served on this guideline.

Committee members, these are the significant changes in reductions in benefit payments that the system has

already incurred. We purport that these represent significant savings to insurers, yet consumers are once again asked to absorb even more cutbacks as of the 2015 proposals. These proposals suggest that for serious but non-cat claimants, we're going to reduce their total medical, rehabilitation and attendant care benefits by yet another $21,000.

We can predict that consumers will be left with the decision to either pay for an attendant to look after them after an acute injury, or to preserve their medical and rehabilitation funds for therapy, but it will be difficult to do both.

If attendant care comes first and it's costly, the ability to treat with fewer dollars will lead to poorer outcomes, fewer people returning to work and more reliance on public services—

The Chair (Ms. Soo Wong): Ms. Rucas, can you please wrap up?

Ms. Karen Rucas: Pardon?

The Chair (Ms. Soo Wong): Can you wrap up, please?

Ms. Karen Rucas: There were three other changes to the catastrophic. A million and a million is now reduced to a million. The tort has been linked to inflation so that it's harder to meet that tort threshold, yet none of the SABS benefits are linked to inflation.

The Chair (Ms. Soo Wong): Okay. I need to stop you there.

Ms. Karen Rucas: Okay. Fine. No problem.

The Chair (Ms. Soo Wong): I'm going to ask Ms. French to start this round of questioning.

Ms. Jennifer K. French: Okay. Before I ask a question, was there anything you wanted to finish, briefly?

Ms. Christie Brenchley: I think we might just summarize that our point is really that at this stage, we've witnessed significant structural change in reduction in benefits and yet we find ourselves faced with more. We, as a society, as professionals working with seriously injured, can't support further deterioration of the benefit.

We urge the government to let the 2010 cuts truly work through the system to realize the kind of cost-saving potential that exists, and we want to ensure that the government has done all it can to ensure that every measure to reduce costs across the auto insurance system has been addressed and explored prior to drivers once again being the victim to take the hit for cost containment.

Ms. Karen Rucas: Thank you, Jennifer.

Ms. Jennifer K. French: A question for you: As we know, the government is cutting 50% of the benefits for a segment of the most vulnerable population, those with catastrophic injuries, reducing the duration period for which accident victims can receive medical and rehab benefits by 50%. It looks like the government is heavily leaning towards the cost-saving measures at the expense of not just consumer protection but protecting those who are most vulnerable. Do you have any insight as to why? Any thoughts?

Ms. Karen Rucas: Again, we've asked them to go to the other sectors. Perhaps look at the costs for storage. Look at the cost of repairing vehicles. Look at the cost for the tow truck drivers, because we know that there was a great deal of abuse there. They've come to this well time after time after time, and there's nothing left anymore.

Ms. Jennifer K. French: Is this a well that fights back particularly? Is this a well that is—

Ms. Karen Rucas: Obviously, we have a tougher time fighting back. We don't have the deep pockets that perhaps insurance companies do.

Ms. Jennifer K. French: The government is proposing redefining the term "catastrophic impairment." Judging by your faces—could you maybe talk to us about what this would mean for accident victims?

Ms. Karen Rucas: It means fewer people are going to get catastrophic impairment. Right off the top, they're getting rid of the Glasgow coma scale. Those are the people who are unconscious at the scene.

There are other more stringent measurement tools that they're going to be using, so fewer people are going to be—as it is, only 1% are catastrophic. So now even fewer than 1%—and, again, I don't understand why the insurers are tackling the most seriously injured.

In fact, I think what consumers think is that they actually have $1 million of coverage, but they don't. They're shocked when they find out—"It's $3,500? You mean, that's all I get?" Often, again, they run out of the $3,500. We're making these levels so arbitrary, and it's just not feasible anymore to provide them with the rehab they need and to get them back to work and get them back functioning. Instead, these people go on CPP or what have you.

Ms. Jennifer K. French: Thank you. Do I have any time left?

The Chair (Ms. Soo Wong): Just one minute.

Ms. Jennifer K. French: Okay. You had asked in here, can Ontario's publicly funded health care and social systems absorb the costs of care and supports that would be required? We just heard from the group before you that the sell-off of Hydro One and cutting off a predictable revenue stream—that probably the answer to that is no.

1600

Ms. Christie Brenchley: Good question. Whether the answer is no, regardless, Ontario's home care system, which would be the system for people who are unable to manage and who seek supports from the publicly funded system, is already not meeting needs. I think we have concerns in that occupational therapists work across all sectors of the health care system in the publicly funded system, and we worry about the impact of an increasing number of people needing supports from the public system.

Ms. Jennifer K. French: Thank you.

The Chair (Ms. Soo Wong): I need to stop you there. I'm going to turn to Ms. Albanese.

Mrs. Laura Albanese: Thank you, Madam Chair, and thank you for your presentation. We have heard similar concerns from a number of legal and health care groups,

which we will take back. I'm also going to read attentively, not only your asks but also your points to ponder.

It's a tough balancing act for the government. We are trying to still have an efficient but generous system, and at the same time make those rates more affordable for drivers, as you know. It is very difficult to strike a balanced approach, but nonetheless we're trying and we're committed to do our best at doing that.

I am familiar with the work of occupational therapists. My husband, as I mentioned the other day, had more than one serious accident—not catastrophic, but serious nonetheless—and so I do understand the work that you do and what's entailed here. Thank you for your presentation.

The Chair (Ms. Soo Wong): All right. I'm going to turn to Mr. McNaughton.

Mr. Monte McNaughton: I wanted, as well, to thank you for your presentation. In particular, I think what's most helpful for the committee members is this chart here that you presented. There have been a number of presenters raising the exact same concerns that you have, and I sincerely hope that the government will take this back to the minister and rework this, because I feel like the little guy and the little lady are being victimized because of this.

I actually think that this is a repercussion of the political deal that the two parties made to reduce rates by 15%. It may be an unintended consequence; I'm not sure. With that, I just want to say thank you very much. We will urge the government to make a change on this.

Ms. Karen Rucas: Can I comment about the rates?

The Chair (Ms. Soo Wong): Yes.

Ms. Karen Rucas: It was surprising to me, after 2010. I asked my own insurer about my own rates between 2010 and 2015, and I thought, "Oh, okay. I should see something, even if it's 4%, 6%, 7%"—something. What did I see? Between 2010 and 2015, where nothing changed—I never got in an accident, no parking tickets; in fact, my cars are five years older—my overall increase was 2.7%. When I asked the superintendent about that, he said, "You've got to account for inflation."

Again, if we're trying to chop them down, after 2010 and the massive cuts, I can't even believe that my insurance didn't go down 1%. I'm just one of those little guys. I'm one of those consumers. If it's not going down after the 2010 cuts, these cuts will mean nothing, because they're even less substantive.

The Chair (Ms. Soo Wong): Thank you very much, ladies, for your presentation and your handout.

Ms. Christie Brenchley: Thank you very much for the opportunity.

Ms. Karen Rucas: Thank you very much.

UNIFOR

The Chair (Ms. Soo Wong): I believe our last witness is from Unifor. Are you here?

Ms. Katha Fortier: I'm here, but I'm just waiting for Jim Stanford, who should be arriving any moment now.

The Chair (Ms. Soo Wong): Okay. We're going to recess. We'll try 4:15 and see.

The committee recessed from 1605 to 1616.

The Chair (Ms. Soo Wong): I'm going to resume the committee hearing for Bill 91. I'm going to call the last presenter, Unifor, up to the front. We have Katha Fortier and Jim Stanford.

Welcome to the committee. You have five minutes for your presentation, followed by three minutes of questioning. This round of questions will begin with the government side. You may begin anytime. If you have any handouts, the Clerk will come around to pick them up. When you begin, please identify yourself for the purpose of the Hansard.

Ms. Katha Fortier: Good afternoon. My name is Katha Fortier. I'm the Ontario regional director for Unifor. With me is Jim Stanford, our Unifor economist; you may recognize him.

Unifor welcomes the opportunity to share our views with the committee regarding the proposed Ontario budget for 2015-16. Thank you very much for the invitation to appear.

Unifor is Canada's largest union, working primarily in the private sector of the economy. We represent over 305,000 members working in at least 20 different sectors of the economy, including resources, manufacturing, transportation and a range of public and private services. Over half of our members live and work in Ontario.

This budget is tabled at a hopeful moment in Ontario's economic history. After many years of difficult economic times, it seems that the province's economy is poised to enter a more expansive and positive phase. We welcome the recent positive signs. Several forecasts now expect Ontario to lead growth in Canada.

That being said, the recovery is still inconsistent and fragile, so it's crucial that the provincial government play a role in strengthening that expansion. This requires primary focus on supporting investment, job creation and spending power. Those are the engines that can help finally launch Ontario's economy into the full economic recovery we so badly need. In this regard, your proposed budget deserves mixed grades. There are some important measures that will indeed further support living standards and support job creation, but there are others which undermine these goals.

Let me start with the positive: The budget's emphasis on provincial support for infrastructure spending, estimated at $130 billion over the next decade, is appropriate and beneficial. Sustained major infrastructure spending generates a host of economic benefits, both short-term and long-term—in the short run, new jobs and incomes; in the long run, the resulting facilities contribute to our productivity and our quality of life.

We also welcome the commitment to the Jobs and Prosperity Fund and the intended use of public co-investments to leverage major private sector projects. Experience has shown that government must partner with the private sector in major keystone investments. There is a huge fiscal payback to government from strategic investments in auto, aerospace, forestry, ICT and other

strategic, export-oriented high-value sectors of our economy.

Let me repeat our strong support for moving forward with the Ontario Retirement Pension Plan implementation. The insecurity facing future retirees is enormous, and a universal, transportable defined benefit plan is definitely the most efficient, fair and secure way to fill the pension gap. Expanding CPP is obviously preferable, and we remain optimistic—especially in light of the recent Alberta election—that this may be possible. Failing that, Ontario must move ahead. Employers have a moral and economic obligation to contribute to their well-being after retirement, and the CPP/ORPP model is a good way for this to occur.

I must mention some of the negative features of the proposed budget. First, in terms of the overall fiscal framework, your government continues to follow sustained austerity that is damaging to both Ontario's economic momentum and our quality of life. The continuing restrictions on allotted spending in health care are particularly worrisome. This includes total spending growth that lags far behind health care inflation and population growth, and hence translates into significant declines in real per capita spending. Nominal budget freezes for hospitals, extended over several years, will inevitably translate into cutbacks, poor service and ultimately privatization.

Despite all the exaggerated rhetoric about Ontario's debt problem, the reality is that your government has outperformed its official deficit targets several years running, and interest rates on provincial debt remain at historic lows. There is no debt crisis in Ontario. Your government should extend the timetable for final elimination of the deficit; stabilizing the debt ratio, not eliminating the deficit altogether, should be the ultimate goal.

You should adopt new revenue measures to contribute to the deficit reduction effort in coming years. Chief among these should be an increase in the corporate tax rate. Even Alberta is now planning to increase their rate to 12%—higher than Ontario's. There is no excuse for your government not to do the same. Your 2015-16 budget should be amended to include an immediate increase in the CIT rate to 12%, matching Alberta, and consider further increases in subsequent years.

We also express our strong opposition to the proposed sale of a majority interest in Hydro One. This sale is in no way necessary to pay for the important schedule of infrastructure investments. Ontario possesses ample fiscal capacity to raise funds for those investments through conventional means. The sale of this crucial public asset will place Ontario consumers and taxpayers at great risk in the future, a point that was made strongly last week by Ontario's eight legislative accountability officers. It will deprive future generations of Ontarians of assets that could be wielded to great economic and social benefit. It will generate a huge one-time windfall for the brokers on Bay Street who will handle the sell-off.

This is not our priority. It is clear that this proposal is at odds with the views of Ontarians. It was not featured in the government's election platform last year, and it should be abandoned.

Once again I thank you for your interest in our views, and welcome your questions and comments.

The Chair (Ms. Soo Wong): Okay. I'm going to turn to the government side. Ms. Hoggarth.

Ms. Ann Hoggarth: Thank you for your presentation. I know from your union that you have a very strong social justice agenda. I'm pleased to see that you are very busy taking care not only of your own members but of other people in Ontario, Canada and around the world. I thank you for that.

As a government, we hope to make things a little more balanced, too, for those people at the bottom of the economic stream. Of course, we have increased the minimum wage and given PSWs a raise, too, trying to do things to help out in that regard.

I see from your presentation that you approve of our support for the infrastructure spending. You also welcome the commitment to the Jobs and Prosperity Fund, and you expressed strong support for moving forward with the retirement pension plan. I know in my own family, no one other than myself, as a former teacher, has a pension plan in place, and I believe this is very important.

I also think that we are trying to take a balanced approach in regard to this budget. We do need to get fiscally in line. I know that some people would say that we could spend more, but at this time I think we want to make sure the economy is getting better all the time and remain with the balanced approach.

How are the things that you talked about going to help your members, the infrastructure, the Jobs and Prosperity Fund and moving forward with the pension plan? Could you tell me?

Ms. Katha Fortier: Well, I think all of them are basically very simple. The Jobs and Prosperity Fund, obviously, we're optimistic will create good jobs. That's really important to our union. There is far too much precarious work out there. It really is a challenge for young people—and, in fact, people of any age—to get a job with security so that they can purchase a house, buy a car, do all of the things that my generation certainly did. I bought my first house was I was 21, and I think the average first-time homeowner in Toronto is 37 right now. Those are astronomical when you think that people are probably entering long-term mortgage at those ages.

The pension plan I think is self-explanatory. My son is 27. I don't think he has much hope of working anywhere that will have a decent pension plan. The reality is, we know Ontarians aren't saving.

Infrastructure, I think, speaks for itself. Investing in infrastructure is really investing in our communities, investing in our people. It actually attracts good business to our province.

The Chair (Ms. Soo Wong): Ms. Fortier, I'm going to stop you. We're going to go to Ms. French.

Ms. Jennifer K. French: Welcome, both of you, to Queen's Park. We're pleased to have you here. I appreciate the balanced approach of your presentation. I'm just

going to focus on some of the negative aspects of the budget, if that's okay.

You were talking about the sustained austerity agenda and what that would look like in the province. I'd actually like to zero in on the sell-off of Hydro One. You know that I'm from Oshawa, and of course we have GM. The cost of manufacturing—well, the cost of doing business everywhere is going up, but can you talk to us about what it would look like when electricity rates go up and how that would affect manufacturing in the province, or business in general?

Mr. Jim Stanford: Electricity is an important business input, of course. How much you spend on electricity depends a lot on the nature of the industry that you're engaged in. Some industries use a lot of electricity; some use not so much. In the case of Oshawa and auto manufacturing, electricity is a secondary input, so I think it would be exaggerated to say that higher electricity prices, in and of themselves, are really going to dramatically change the business case.

Our effort, shared by the provincial government, is to try to get General Motors to recommit to future investments and product allocations in Oshawa. The things that are going to be crucial in determining that are issues like an automotive strategy, the active use of the Jobs and Prosperity Fund, the union being able to reach an agreement with the company in terms of future products and so on. I would view electricity prices as secondary.

That being said, I think the uncertainty that would be created in the electricity pricing regime by the privatization—there's tremendous uncertainty regarding the governance structure of the company. It will be majority privately owned. To what extent that is going to change the operating mandate of the utility and how that is going to affect consumers, including major industrial users, I think is a major question mark. The history in Ontario is clearly that we, like some other provinces—Manitoba, British Columbia, Quebec—have been able to use publicly owned energy as a strategic asset to attract and retain key industrial investment, to use energy as a tool for diversification. I think that record is very much jeopardized by the sale of the company without any particularly compelling reason for why we have to sell it off.

Ms. Jennifer K. French: With it being, as you said, a huge one-time windfall, can you think of another way of generating revenue in a more ongoing capacity? You've mentioned a few in here, but to expand, what would be a suggestion for the government in terms of—

Mr. Jim Stanford: On the revenue side?

Ms. Jennifer K. French: Yes.

Mr. Jim Stanford: Well, there are a number of different proposals that have been thrown up. The one we've focused on here is the corporate income tax, because the change in the government in Alberta is quite surprising and, in a way, has shifted the landscape around corporate income taxes at the provincial level.

I recall a discussion that we had here in Ontario several years ago about whether to reduce the rate and the provincial financial minister at the time stressing, "We have to reduce the rate to keep up with Alberta," pointing out that companies were threatening to actually move their head offices to Alberta if Ontario didn't cut its rate to match. We could have some discussion about how realistic that fear was, but that was certainly the argument. Now the tables are suddenly turning and Alberta is increasing its rate to a level higher than Ontario's, even though Ontario and the key businesses that we look at have got a locational advantage that would be a centre of gravity in any regard.

I think that one is a no-brainer, frankly, and I suspect many members of the government probably privately agree and would recognize the little bit of income we could get from that. It's not going to be a night-and-day difference, just increasing it from 11.5% to 12%, but it still helps with the incredible, gritty task, at the grassroots level of our hospitals and schools, of trying to manage the austerity that they're facing.

Katha comes from the health care sector. She can attest personally, and from the people that she's worked with, how damaging it is to their capacity to deliver quality care to Ontarians when you face this budget freeze year after year after year. There are going to be real consequences from that austerity.

The Chair (Ms. Soo Wong): I'm going to stop you here. Thank you so much for your presentation. Thank you for being here.

Mr. Shafiq Qaadri: Madam Chair, just before you dismiss our witnesses, did the PC caucus not want to question the witnesses?

The Chair (Ms. Soo Wong): We cannot talk about people who are not here. Remember what the Speaker said, right?

Mr. Shafiq Qaadri: Pardon me?

The Chair (Ms. Soo Wong): Remember what the Speaker said? We cannot talk about people's attendance.

Thank you very much for your presentation.

Mr. Jim Stanford: All right; thank you.

The Chair (Ms. Soo Wong): Thank you for being here—and your written submission as well.

Seeing as this is the last witness for today, I'm going to be adjourning the committee until 2 p.m. on Monday, May 25, in committee room 1. We're not going to be here, okay? Thank you.

The committee adjourned at 1631.

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Présidente
Ms. Soo Wong (Scarborough–Agincourt L)

Vice-Chair / Vice-Président
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)

Mrs. Laura Albanese (York South–Weston / York-Sud–Weston L)
Mr. Yvan Baker (Etobicoke Centre / Etobicoke-Centre L)
Mr. Victor Fedeli (Nipissing PC)
Ms. Catherine Fife (Kitchener–Waterloo ND)
Ms. Ann Hoggarth (Barrie L)
Mr. Monte McNaughton (Lambton–Kent–Middlesex PC)
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)
Ms. Daiene Vernile (Kitchener Centre / Kitchener-Centre L)
Ms. Soo Wong (Scarborough–Agincourt L)

Substitutions / Membres remplaçants
Mr. Bob Delaney (Mississauga–Streetsville L)
Ms. Jennifer K. French (Oshawa ND)
Mr. Shafiq Qaadri (Etobicoke North / Etobicoke-Nord L)

Clerk / Greffier
Mr. Katch Koch

Staff / Personnel
Ms. Anne Marzalik, research officer,
Research Services
Ms. Susan Viets, research officer,
Research Services

CONTENTS

Thursday 21 May 2015

F-22 F-22

ISSN 1180-4386

Legislative Assembly of Ontario

First Session, 41st Parliament

Assemblée législative de l'Ontario

Première session, 41e législature

Official Report of Debates (Hansard)

Monday 25 May 2015

Journal des débats (Hansard)

Lundi 25 mai 2015

Standing Committee on Finance and Economic Affairs

Comité permanent des finances et des affaires économiques

Building Ontario Up Act (Budget Measures), 2015

Loi de 2015 pour favoriser l'essor de l'Ontario (mesures budgétaires)

Chair: Soo Wong
Clerk: Katch Koch

Présidente : Soo Wong
Greffier : Katch Koch

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

http://www.ontla.on.ca/

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario

Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Monday 25 May 2015

Lundi 25 mai 2015

The committee met at 1400 in committee room 1.

BUILDING ONTARIO UP ACT (BUDGET MEASURES), 2015

LOI DE 2015 POUR FAVORISER L'ESSOR DE L'ONTARIO (MESURES BUDGÉTAIRES)

Consideration of the following bill:

Bill 91, An Act to implement Budget measures and to enact and amend various Acts / Projet de loi 91, Loi visant à mettre en oeuvre les mesures budgétaires et à édicter et à modifier diverses lois.

The Chair (Ms. Soo Wong): Good afternoon. I'm going to reconvene the committee. As you know, we are ordered by the House to have our fourth day of hearings on Bill 91, An Act to implement Budget measures and to enact and amend various Acts.

Before I call upon the witness to come forward, are there any questions or comments before we begin? Seeing none, I'm going to call the first witness forward.

NATIONAL COALITION AGAINST CONTRABAND TOBACCO

The Chair (Ms. Soo Wong): The National Coalition Against Contraband Tobacco: Mr. Grant. Welcome, Mr. Grant.

Mr. Gary Grant: Thank you.

The Chair (Ms. Soo Wong): It's nice to see you again. As you've probably heard, you have five minutes for your presentation, followed by three minutes of questioning from each of the caucuses. This round of questioning will begin from the official opposition party. You may begin any time. When you begin, can you please identify yourself for the purpose of Hansard? Thank you.

Mr. Gary Grant: Yes. My name is Gary Grant. I'm the national spokesperson for the National Coalition Against Contraband Tobacco. I am also a retired member of the Toronto Police Service, with 39 years of experience.

The NCACT, the national coalition, is made up of 17 organizations from across Canada representing industry associations, business groups and law enforcement. The NCACT is a non-profit, non-partisan organization that works to make the public more aware of the problem of illegal cigarettes and contraband tobacco.

I'm happy to appear before you today to speak in support of measures included in Bill 91 that give more powers to police to stop the flow of contraband tobacco. I'll also speak more broadly about the value of other measures that were announced in the budget.

What is contraband tobacco? Contraband tobacco is any tobacco product that does not follow all of the provincial and federal regulations or does not pay all required taxes. It's often sold directly to consumers through a network similar to a drug dealing distribution network.

There are also more than 300 "smoke shacks" that illegally sell contraband in major communities in Ontario and Quebec. Illegal cigarettes are often sold in resealable plastic bags of 200 sticks. These baggies can cost as little as $8 each.

More recently, we've also seen illegal cigarettes shipped in branded packs that look similar to a legal product, but on which no labelling or taxes are paid.

Ontario has the worst contraband tobacco problem in Canada, with one in three cigarettes purchased over the past year being illegal. That's bad for all Ontarians. Illegal cigarettes are a cash cow for organized crime, with the RCMP estimating that there are about 175 criminal gangs that use the proceeds from the trade to fund their other illegal activities, including guns, drugs and even human smuggling.

It's also lucrative: The RCMP has identified more than $100 million in suspicious transactions from one contraband hot spot alone.

Beyond funding organized crime, contraband tobacco is also a major drain on the public purse. The government has recognized this previously, including highlighting the matter in the fall economic update.

Contraband tobacco was also identified as a key area of loss to the underground economy in the Drummond report. In fact, the Canadian Taxpayers Federation, an NCACT member, has estimated that illegal cigarettes cost Ontario taxpayers as much as $1.1 billion in lost revenues each year.

As you'll recall, the budget committed to a number of measures to deal with illegal cigarettes. They are:

—exploring the regulation of non-tobacco manufacturing materials, including acetate tow, a material used in cigarette filters, which will make it harder for criminals to produce illegal cigarettes;

—increased powers and resources to the Ontario Provincial Police to focus on the link between organized crime and contraband tobacco;

—making Ministry of Finance officials peace officers to enhance their opportunities to pursue contraband tobacco criminals; and

—making it easier to stop, detain and search vehicles suspected of smuggling raw leaf tobacco.

Bill 91 implements that last measure, allowing for stopping and searching a vehicle if there's reasonable and probable grounds to believe it is being used to smuggle raw leaf tobacco. This is an important additional power for police, giving them the tools they need to investigate these crimes and disrupt smuggling networks.

We would also suggest that this be expanded to other illegal tobacco products, including finished product packages of cigarettes.

Of course, we hope that the implementation of other measures announced in the budget will follow shortly. In doing so, we hope that Ontario looks to what has worked in other jurisdictions, especially Quebec. Quebec has demonstrated that effective anti-contraband measures can have a meaningful effect on illegal cigarette levels. There, local police have been given the power to investigate contraband tobacco offences and are provided the financial resources to do so. Municipalities are even able to keep proceeds from the fines. The results: Since its introduction in 2009, contraband tobacco levels have been reduced by half.

As Ontario moves forward, it will be important to remember that addressing the province's illegal cigarette problem is a complicated matter, and the province should anticipate the need to revise and bolster its response on a regular basis. Organized crime groups involved in the trade will not easily give up such easy profits.

Also, the province should be mindful not to further disrupt the regulated market while it's working to get the contraband market under control. The proposed ban on menthol cigarettes in Bill 45, which is now being debated at third reading, is an example of that—which could move 300 million more cigarettes to the illegal market. We continue to recommend that this ban should be postponed pending real and substantial success in combating illegal cigarettes. There's no sense in giving a boost to the contraband tobacco market while introducing measures to address it.

The Chair (Ms. Soo Wong): Mr. Grant, can you wrap up, please?

Mr. Gary Grant: In conclusion, we're happy to see steps forward on dealing with this important problem, but there will be many more ahead as we work to stop an easy cash cow for organized crime. It will be important for the government to remain focused on the issue. We look forward to working with the government. Thank you for your time.

The Chair (Ms. Soo Wong): Thank you very much.

Mr. McNaughton?

Mr. Monte McNaughton: Thank you very much, Mr. Grant, for your presentation today to finance. I know I've spoken about this issue a number of times. It's an issue that impacts where I'm from a great deal, especially in my riding of Lambton–Kent–Middlesex. I think the statistic there would actually be higher than one in three cigarettes being contraband. I think it's something, quite frankly, the government has turned a blind eye to over the last decade or so.

I wondered if you could speak a bit in terms—and I think you touched on it a bit—of the costs of law enforcement. Do you have any numbers in terms of what it's costing right now in combatting this or in the illegal action that is being taken by some?

Mr. Gary Grant: The problem, really, is that it's not being combatted in as many ways as it could be, because of lack of resources in some police services—human and financial—and the fact that municipal police services have really not had the power. Even the OPP haven't had the power to conduct full contraband investigations. We're hoping to move towards that direction.

By using the Quebec model, in which fines that are given as a result of a conviction are put into a fund—much like we do here in Ontario with our RIDE program, where there's RIDE grants that police services ask for each year so that they can fund and staff those RIDE programs every holiday season. The money from the fines would be put into a public purse to fund further contraband investigations.

Mr. Monte McNaughton: But there would be a huge amount of costs combatting organized crime. I guess that's what I intended to ask.

Mr. Gary Grant: There is a huge amount. I frankly couldn't give you a dollar amount, but I have spoken at great length to the folks at the Cornwall Regional Task Force, which is the RCMP. They're throwing a lot of resources at it, and they're having a hard time. They're saying that the criminals are so sophisticated now that they're doing counter-surveillance on the RCMP.

Mr. Monte McNaughton: Wow. Thank you.

The Chair (Ms. Soo Wong): Mr. Fedeli?

Mr. Victor Fedeli: Thank you, and welcome. First of all, thank you for your decades of service in the police force. Thank you very kindly for that.

Mr. Gary Grant: My pleasure.

Mr. Victor Fedeli: In my hometown of North Bay, the research has been done where they literally shovel the cigarette butts away from the smoking section of our local high school. In one of the high schools, an astounding 40% of the butts, the cigarette butts, are Putters—exactly what you spoke of—the cigarettes that are bought in the baggies. The school is miles—miles upon miles—away from the nearest reserve. What do you think we should be doing?

Mr. Gary Grant: There is a very serious contraband cigarette distribution network going on. These cigarettes are being smuggled off reserves—for instance, in the Six Nations area or the Cornwall area—to sophisticated criminal networks. Those networks are bringing drugs, weapons and guns around, and they're bringing them into neighbourhoods. So it's the very same as a drug distribution network.

I think that we need to be more diligent. What we really need to do is empower our municipal police officers and our provincial police officers to get on board, because right now they basically—

The Chair (Ms. Soo Wong): Mr. Grant, I need to stop you here.

I'm going to go to the third party. Ms. Fife, do you want to begin the questioning?

1410

Ms. Catherine Fife: Thank you very much, Mr. Grant. The impact of Ontario's contraband tobacco problem on revenue loss is estimated in the billions. You quoted $1.1 billion—

Mr. Gary Grant: Provincial and federal.

Ms. Catherine Fife: Provincial and federal, yes. The Ontario government had previously committed to increasing fines and impounding vehicles used for smuggling back in 2012 and in 2013, although those measures have yet to be implemented; they have been talked about. Why do you think there's such reluctance to actually impose the fines and to impound the vehicles? Can you expand on that a little, please?

Mr. Gary Grant: Well, I couldn't come up with the motives or the reasons why government does or doesn't do something. I know that we have been coming forward for the last three or four budgets, coming and asking for these measures. There have been promises made, and there have been suggestions made in the budgets.

I will say that the last budget has given some things that we can hang our hat on. Hopefully, they will be implemented. But they can't just stop there. The other measures that were promised should be implemented and more.

Ms. Catherine Fife: In the budget, on page 218, they say that the government would like to enhance partnerships with key enforcement agencies. What is stopping this enhancement of partnerships right now? You came to the finance committee when we were doing pre-budget, and you talked about expanding the role of municipal police forces. We need to do more than just enhance. In order to solve an issue, you have to understand the problem. Can you speak a little bit about that, please?

Mr. Gary Grant: Well, as I've said, we need to empower municipal police officers. By not having municipal police officers and OPP officers fully engaged in the battle against contraband tobacco and leaving it in the hands mostly of Ontario revenue officers and the RCMP, you're basically leaving most of your team on the bench. Most of the police officers in Ontario are either OPP or municipal. Why there's been no move to even look at the Quebec-style legislation or look at our own to bring local police officers into the picture, I can't answer—only to suggest, please, moving forward, consider it.

Ms. Catherine Fife: Municipal police forces are already on board, right? They understand the connection between contraband tobacco and organized crime. They're looking for advanced powers, don't you think?

Mr. Gary Grant: The colleagues that I speak to would welcome increased powers to allow them to conduct full investigations.

Ms. Catherine Fife: Okay. Because so far in this budget, we have a commitment, again on page 218, "proposing a legislative change to designate Ministry of Finance enforcement personnel as peace officers, enhancing their capacity to pursue compliance." Is this part of the Quebec model, or is this something new? You've held Quebec up as a successful jurisdiction to actually fight contraband tobacco.

Mr. Gary Grant: Well, Quebec is successful because they did bring in the big players, the big numbers as well, such as municipal and provincial officers. I don't know what their revenue officers were doing in Quebec before, but our revenue officers have plenty of powers, as I understand it, at the moment. What is concerning is that it's silent on municipal police services.

Ms. Catherine Fife: Okay. That's an important distinction. Thank you very much

The Chair (Ms. Soo Wong): Okay. I'm going to stop here. I'm going to Ms. Vernile.

Ms. Daiene Vernile: Good afternoon, Mr. Grant. Good to see you here today. I had the pleasure of meeting with representatives from your organization in my constituency office in Kitchener Centre. You are to be commended, as are they, for the kind of advocacy work that you are doing to deal with contraband tobacco in this province.

You were talking about enforcement. We should mention that the Ministry of Finance is working very closely with local law enforcement agencies such as the RCMP. We see this in Cornwall with their regional task force and the OPP to reduce the presence of contraband tobacco.

With that, how will the initiatives that are proposed in the 2015 budget help you tackle the issue of contraband tobacco distribution in our province?

Mr. Gary Grant: Well, the measures that have been introduced, which allow the OPP officers further powers, are welcome measures. To be able to stop, on reasonable and probable grounds, those who are suspected of carrying raw leaf tobacco will make a difference.

Forgive me, but it's somewhat half measures, because most of the contraband tobacco that's being moved around is either in baggies or packages. So why stop at raw leaf tobacco? Why not say that if we have reasonable and probable grounds to believe that's a tractor-trailer full of fully produced contraband cigarettes, they have the right to stop that as well, not just raw leaf? The measures are welcome; we just don't feel they go far enough.

Ms. Daiene Vernile: You know that on January 1 of this year, the Ontario government assumed oversight of raw leaf tobacco in this province. How has that already assisted you in mitigating the dangers associated with the production and distribution of contraband tobacco?

Mr. Gary Grant: Well, we haven't seen the results yet; it's a little early in the year for that. But the part I would be concerned about is that most of the raw leaf tobacco that comes in, the vast majority of raw leaf tobacco that's used, is being smuggled in from the United States through the First Nations reserve at Akwesasne, through the Canadian side, manufactured and then out again. So there's not as much raw leaf, in our opinion, transporting around the province as there is fully manufactured cigarettes. But like I said, any empowerment

that the police have to stop the trade at all is always welcome.

Ms. Daiene Vernile: Would you say generally, then, that you are personally encouraged with what you see in the 2015 budget with regard to this?

Mr. Gary Grant: We're happy and we're pleased with what we've seen in the budget, and we urge you not to take your foot off the gas pedal and to keep on doing more.

The Chair (Ms. Soo Wong): Okay. Thank you.

Ms. Daiene Vernile: We appreciate your work. Thank you.

The Chair (Ms. Soo Wong): Thank you, Mr. Grant, for being here.

SPIRIT TREE ESTATE CIDERY

The Chair (Ms. Soo Wong): I'm going to call the next witness forward: Spirit Tree Estate Cidery. I believe there are two people coming: Mr. Thomas Wilson, the chair of the Ontario Craft Cider Association; and the Clerk just told me there's Mr. Hank Hunse from Shiny Apple Cider.

Welcome, and good afternoon. If you have any handouts, the Clerk will distribute them to the committee. As you probably heard, you have five minutes for your presentation, followed by three minutes of questions from each caucus. This round of questioning will begin with the third party. You may begin anytime. Please begin by identifying yourself for the purpose of Hansard. Thank you.

Mr. Thomas Wilson: Sure. Thank you. Good afternoon, Chair, and good afternoon, committee members. My name is Thomas Wilson, and I am currently the chair of the Ontario Craft Cider Association. We are here to discuss the opportunities and challenges for Ontario cider producers, who, not too long ago, did not even exist, which is ironic because cider is an old drink. This is what Ontario was founded on. Unfortunately, prohibition took it away. Consumers' choices have changed, but now it's back. It's a cool, new, hip drink. Unfortunately, some of the rules—legislation, taxation—are not keeping up with that. The presentation here that you're going to see in front of you is basically a summation of that.

Like I said, our challenges specifically are that we are defined as a fruit winery, but basically, at the street level, at the bars and restaurants, we're sold as a beer alternative. We're a gluten-free beer alternative. There's a fundamental difference in basically how we're defined and what we are. We need that government regulation framework to change.

We were hoping that as part of it, like the VQA, we would get guaranteed shelf space at the LCBO and even possibly with the Beer Store. Right now, we're strictly sold through the LCBO because we're considered fruit wine. Even though we're not sold on the shelf, we're sold beside the craft beer. We're basically a gluten-free craft beer.

The opportunities are massive. Ontario is the largest apple-growing region in Canada, so the fruit production, the growers, are already in place. As part of the presentation on the back, you'll see two maps. One showcases the VQA map, the specific regions in Ontario where grapes are grown well and we produce VQA wines. In counterpoint, we have the Ontario Apple Growers regional map, which covers all of southern Ontario. That's a huge difference.

There's a massive opportunity here, but unfortunately, it's moving fast. This segment is growing quickly. For the last four or five years, the LCBO has seen 60% to 80% growth in the cider segment. They can't keep up. Unfortunately, on page 2, you'll see that it's 80% imported cider. We're importing 80% of the cider sold in Ontario, the largest apple-growing province in the country. That is a fundamental problem.

The apple-growing regions, the apple growers, are struggling right now with pressures from importation and low wages. They are struggling. The price of juice apples hasn't moved in nearly 30 years because there is no upward pressure; there is no demand for juice. With the cider industry, there would become a huge demand that would put upward pressure on the juice price and would even allow the growers to forward-contract, like the grape growers, which would really allow them to start planting more orchard cider-specific apples and really get the industry growing. Also, fewer inputs: We don't need perfect apples to make cider, so a lot less inputs.

1420

It's also carbon positive. You're looking at massive amounts of trees growing fruit, sequestering carbon. This is all rural, this is 100% rural. Apples grow in the rural areas. Most of the cideries are located in the rural areas, so this is rural economic development, rural job growth. On page 2, it gives you some of those indications as far as job growth for the industry.

Page 2 is based on a study we commissioned through the George Morris Centre that was financed through the Agricultural Adaptation Council. It showcases some of the numbers. That's based on our current industry. With some of the restrictions removed, this becomes exponential, the growth that we would basically be taking on and people getting into it. Some of the wineries and breweries are currently looking at it as is.

Again, that's our fundamental problem. We're really between the two: We're wineries making a beer alternative. Within the framework we can basically, with incubation, like a VQA program—we could be incubated, but ideally we need to have our own definition as a cider and a cider industry.

Because we're sold like beer—we're in bottles and kegs. We're completely different than the wine industry. The wine industry is not really worried about the cider industry. They want to get into it, but it's basically craft beer that we're competing with, we're following—competing in a good way. We're all working together—craft beer and craft cider—to create good Ontario products for the Ontario consumer.

Thank you.

The Chair (Ms. Soo Wong): All right. Thank you very much. Ms. Fife?

Ms. Catherine Fife: Thank you very much for coming in today. I see that next week is cider week, May 30.

Mr. Thomas Wilson: Yes.

Ms. Catherine Fife: Good. I think that a lot of people would be surprised to learn that 77% of all the cider is imported into Ontario, given the fact that we have such large producers here.

The Auditor General had made some recommendations that your industry is looking for: that the LCBO revisit its pricing policies. Can you just expand on that a little bit for the Hansard, for the committee?

Mr. Thomas Wilson: Sure. I think in that Auditor General report it was more a general criticism of how the LCBO bases its pricing strategy. It's not so much based on a retail model; it is more a government agency. They don't explore price reductions for large amounts purchased. What we're asking for is an incubation of the industry, so for small-scale producers, we would pay minimum margins, and then, as we grew, as our larger producers grew, they would pay more margins.

Ms. Catherine Fife: You're looking for a scaled approach.

Mr. Thomas Wilson: A scaled approach, correct.

Ms. Catherine Fife: The government is looking to sell 60% of Hydro One. Farmers from across the province have told us that the cost of energy is becoming more and more uncompetitive, if you will; it's becoming a disadvantage for farmers of all stripes. Did you want to give us some sense as to what your members are telling you about the cost of energy and perhaps weigh in on the potential impact of the privatization of Hydro One?

Mr. Thomas Wilson: Sure. Definitely it's going to affect us because we would become, and we are, basically food processors. We're processing the fruit. Some of our members are growers as well as producers. Others are purely on the production side. But we're all in the production business, just like craft beer.

I'd say we are less energy-consuming than some others because we're just taking a fruit juice and processing it and bottling it. So I'd say we're probably less energy-consuming than beer tends to be.

Ms. Catherine Fife: You mentioned what your industry is looking for, that you're looking for application to the RED fund essentially to garner support for apple producers. Are you prohibited from making those applications right now?

Mr. Thomas Wilson: No. But I think it's more as individual operations, and what we're looking for is more of an industry strategy like the craft beer program. We really look at that as a shining example of a program done right, and the success story is in the craft beer industry.

Ms. Catherine Fife: Okay. Thank you very much.

The Chair (Ms. Soo Wong): Mr. Wilson, I'm going to turn to Mr. Potts.

Mr. Arthur Potts: Thanks, Thomas and Hank, for being here today. You and I have talked in the past. I was involved 35 years ago with the Campaign for Real Ale Canada, and we changed the rules around craft beer production at the time—Conners, Upper Canada, a whole raft of new ones—and now they're being followed by the craft brewers today.

This is a really important segment, and the opportunity to do it—so can you be very clear, in the markup staging of LCBO markups, that you'd like to be on the same competitive level with craft beers, and what that might look like?

Mr. Thomas Wilson: Yes, definitely. Right now, basically, if we were to sell two cases of cider or a truckload to the LCBO, it's the same markup. We're paying about a 56% markup, which creates a very expensive product on the shelf. The consumer basically is looking at a cheaper import that is usually subsidized, usually from whatever country they're coming from, especially the UK or other—

Mr. Arthur Potts: But compared to a craft beer, where the markup at a certain hectolitre level would be—

Mr. Thomas Wilson: They're getting marked up at 16% versus 50%, and for direct delivery to a bar restaurant, the LCBO never handles it. That's strictly a transaction between the brewer or the cidery and the licensee. The craft beer pays no markup. We're paying about 18% to 20% markup.

Mr. Arthur Potts: Right. I've heard you talk about the cost of a can, or a bottle of beer, and a bottle of cider. You're at about a \$4-plus range, and a craft beer might be at a \$3 range, because of the difference in the markup. So you'd like to have the same scale of—that the craft beer people have.

Mr. Thomas Wilson: Yes, exactly, because at the end of the day, if you go into a bar or restaurant in Toronto right now and look at a menu, there is cider and beer side by side, and the cider is much more expensive. That is a pure reflection of the current environment.

Mr. Arthur Potts: We've talked about the fact that it's hard to compare apples to oranges, or, in our case, apples to barley or apples to grapes.

But the definition is also very important, so that we can have you in a category, because currently the LCBO categorizes you the same as a wine cooler, which is a completely different set of markups, and you have the same classification as an imported apple drink product, which is a very different product—

Mr. Thomas Wilson: Yes, exactly. There are poor definitions and mis-definitions, where we're considered a fruit wine, when a beer alternative is really what we are. At the same time, we're competing with beverages on the shelf that are technically blended beverages. They're not even really a cider.

Mr. Arthur Potts: And under the RED Program—as the PA to agriculture, I sit on the RED panel. We've done a lot of opportunities to give additional monies to the cider industry for canning, for planting, even for apple crushers. Those are ad hoc. You need something systematic and province-wide, to grow this industry.

Mr. Thomas Wilson: Yes, exactly. We're looking for an industry incubation that would really get this moving and become a net exporter. That's our goal in mind, that this becomes a net export.

The Chair (Ms. Soo Wong): Okay, Mr. Wilson. I need to stop you there.

I'm going to go to the official opposition: Mr. McNaughton.

Mr. Monte McNaughton: Great. Thank you very much, and thanks for the work that you're doing on behalf of your industry. I know in my riding, in the municipality of Lambton Shores, we have Twin Pines Orchards, Cider House and Estate Winery. I know they're growing and looking to grow even further.

On a personal note, I'm really happy and thankful for your product, because my wife is gluten-free, so she's able to enjoy some cider.

I wanted to ask, on the job side, what the potential is for this industry. Where is the industry at today, and where could it be?

Mr. Thomas Wilson: Currently, things are moving quickly, but we're at 22 members in the Ontario Craft Cider Association right now, and we're employing roughly 220 people. But again, it's like craft beer. We're small-scale, so instead of machines, we hire people.

Like I said, currently, our growth is fast, but it's also restricted, based on the margins we're working under. As those change, the economic impact rurally would be massive.

Mr. Monte McNaughton: I know the government, a year or two ago, made changes regarding farmers' markets and allowing different products to be sold in farmers' markets. Could you give your opinion on the changes to that program and if there has been any benefit to your industry?

Mr. Thomas Wilson: It will, I'm hoping, during the review. Unfortunately, that was—and this is a perfect example. The first two years of the pilot project was VQA, which technically we are, except we're not grapes. VQA is only grapes, and it's 100% Ontario. The Ontario cider association is 100% Ontario, but we're not grapes, so we were left out of that.

Ironically, on our growers' side, like Twin Pines, the people who are growing and making cider usually sell their fruit at these farmers' markets. So they're already there. They just can't sell their products there.

1430

Mr. Monte McNaughton: It doesn't make much sense to me.

Vic, do you have anything?

The Chair (Ms. Soo Wong): Mr. Fedeli?

Mr. Victor Fedeli: No.

Mr. Monte McNaughton: Great. Thank you very much.

Mr. Thomas Wilson: Thank you.

The Chair (Ms. Soo Wong): Thank you very much, Mr. Wilson, and thank you, Mr. Hunse.

ONTARIO CRAFT BREWERS

The Chair (Ms. Soo Wong): Our next presenter is the Ontario Craft Brewers: Mr. John Hay, the president; Irvine Weitzman; and Greg Taylor—

Mr. John Hay: Greg couldn't make it.

The Chair (Ms. Soo Wong): Alright. I'm going to let you begin by introducing yourselves. You have five minutes for your presentation, followed by three minutes of questioning. This round of questions will begin with the government side. You may begin anytime.

Mr. John Hay: Thank you very much, Madam Chair and members. I'm really happy to be here.

Irvine Weitzman is on my left. Irvine heads up Mill Street. Peter Chiodo, further down on the left, is from Flying Monkeys in Barrie. They're very successful breweries.

I'm going to read this document, which is in front of you. You also have this. You can have a look at this. That's all our brands currently. It's great to have a quick look at.

I'll just read this thing into the record quickly. It takes about a minute and a half. Then I'll have Irvine and Peter make a couple of quick comments, and then we'll take all of your questions. I'm just going to go fairly quickly, but I'll just read it in.

We're basically here, we believe, just to simply support the budget bill. As you know, the bill enables government to negotiate a new agreement with the owners of the Beer Store to make it more accessible to Ontario Craft Brewers, something we've been asking for for quite a while. It sets the stage for the sale of beer in grocery stores.

Through these changes, the Ontario government has recognized the widespread job-growth potential of Ontario's craft brewing industry, and I can comment on that a bit now.

There are currently well over 150 operating breweries in the province, with many more in planning. The industry employs 1,000 people in direct brewery jobs and more than four times that in indirect jobs, using a standard multiplier of four. This accounts for about 30% of the direct brewing jobs in Ontario.

The new changes recently announced will allow craft brewers to double or triple our share, and that will create another 1,000 to 2,000 direct craft brewery jobs throughout the province. The spinoff jobs could easily create another 4,000.

There are about 50 cities and 90 towns in Ontario, and we expect to see at least one brewery in nearly every community and multiple breweries in larger communities. That's a very basic part of our strategy. This will give a real shot in the arm to smaller communities and particularly the downtown cores that could really benefit from the economic stimulus.

There are many benefits associated with having an Ontario craft brewery go into a community. When a brewery opens in a city or town in Ontario, jobs are created in the brewery. It could be anywhere from three to 100, sometimes even more. Craft breweries move into communities, refurbish old buildings, host events and sponsor local events, local teams and programs. They attract visitors and tourism dollars and build relationships with local chefs and restaurants, increasing the culinary aspect of their community. This economic stimulus works in urban areas and in rural areas.

Market share for Ontario Craft Brewers in 2013 was almost 4%—well over 3%. That's for premium-priced craft products. Compared to other jurisdictions that have more access to retail, craft market share could be anywhere from 6%, in Quebec, to 14%, in BC, and possibly higher, as it is in some US states, which range from 3% to 30%.

There are currently more breweries per capita in Ontario than in the United States, and consumers are looking for more opportunities to see, taste and buy their craft beer. These changes will provide that.

OCB has worked closely with the government and the asset review council over the past few years on these change processes. They all have been excellent to work with. We'd like to acknowledge that and thank them. We're very happy that a number of our recommendations have been accepted. These changes will take us closer to our vision of making Ontario a North American centre of excellence for craft brewing.

I'd like to ask Irvine just to make a couple of comments on how important they are to his company and ask Peter to do the same. Then we're open for questions, if that's okay, Madam Chair.

Mr. Irvine Weitzman: Hi. My name is Irvine Weitzman.

I think the most important thing I'd like to say is how impressive it was—the amount of time and energy that the Ministry of Finance and Ed Clark's committee put into allowing us to provide input prior to the plan that they presented. In many ways, we're excited that this plan will provide a great opportunity and the stability for Ontario Craft Brewers to grow in the next four or five years.

Mr. Peter Chiodo: I'm Peter Chiodo, Flying Monkeys Craft Brewery.

I'd just like to echo the comments of John Hay. We have such a huge opportunity, I think, in Ontario for craft beer, making it the mecca of North America. I look at a place like Portland, Oregon, that has 50% craft. If that was in Ontario, we'd probably have a small village of 30,000 people involved in the craft brewing industry, and that's really what we need to strive for—huge tax dollars. I think that we're poetically inefficient at making beer. We as craft brewers have been responsible for all the job growth over the course of the last 10 years, and I think that is really a part of the process and it's important to make a note on that.

The Chair (Ms. Soo Wong): I'm going to stop you here.

I'm going to go to the government side for the questions. Ms. Hoggarth?

Ms. Ann Hoggarth: Good afternoon. Thank you for the presentation. Of course, Peter is from my riding and we're pleased to have Flying Monkeys in downtown Barrie. It is helping to rejuvenate the downtown and make it a place for people to go. I also had the pleasure of visiting the Mill Street Brewery and, again, it's in a very thriving area, and I'm sure that your business has something to do with that.

Bill 91 marks a major shakeup in how the Beer Store would operate in this province. Can you speak to what a change of this magnitude will mean to the industry, for future business opportunities, and also for employment opportunities and the economy in general?

Mr. John Hay: Sure. There are very significant changes in the Beer Store; that's half of what's going on. There are significant changes at the governance level, the ownership level and the operating policy level. They should really accelerate our growth through that system.

The other set of changes are on the grocery store side, and the conditions that the government has put in place there with no-slotting fees, legislated markups, legislated shelf space and the right to direct-deliver are extremely helpful.

We are at a thousand jobs now, and we really expect it to double or triple as a result as these changes, and we expect an awful lot of it to be in the smaller communities right across the province, in all those cities and communities. We're in about 50 different communities now, and we'll probably get in all 150 before this is done, with at least one, so it is very significant. Then you have all the spillover effects in all of the production that goes in to build tanks and brewhouses etc. to support the industry. You can usually multiply by four to get the impact of that. It's very significant.

Ms. Ann Hoggarth: Could you tell me, of those brewers, how many of them actually export the product too?

Mr. John Hay: There's probably eight or 10 now; we're just starting. I'm going to let Peter talk about exporting because he's on the front end of that in some ways—other than to other parts of Canada here where Irvine would be the lead.

Mr. Peter Chiodo: That's a good point, John. We actually export all across Canada now to pretty much every province as well as to Spain, Germany, and we're just going into England, Sweden, Scandinavia, Italy, Brazil. We are exporting Ontario craft beer all around the world—to Taiwan; my export manager just did a symposium in Korea. It's really wonderful to see Canadian brew products around the world. It's a big part of our plan.

Ms. Ann Hoggarth: Great. Thank you very much.

Mr. John Hay: The Ministry of Agriculture—I have to thank them for that; they're very helpful—

The Chair (Ms. Soo Wong): Mr. Hay, I need to stop you there. I need to be on time.

Mr. Fedeli?

Mr. Victor Fedeli: Thank you very much. I appreciate that. Thank you very kindly for your comments—a fascinating topic.

Some time ago our office was visited by your association and we talked about some of the limitations to growth, and I'm talking about at the tax level. You know what I'm talking about, John, so can you take a moment—

Mr. John Hay: I'll go as fast as I can here. There are two things going on on the tax front. One you call triple-indexing and that's where our small brewers' tax rate,

which is now $27, is indexed at about three times inflation, whereas if you're a larger brewer, it's $77 and it's indexed to inflation. I can get into that more later, if there are more questions, but that's an issue. I think it may have almost gotten solved this time but it didn't.

The second aspect is, we have a wonderful tax system that was put in place that basically is a two-price tax system but the top end gets phased out. It has a clawback mechanism in it which is done through a corporate tax credit system. But essentially what happens is, your benefits go up until you hit 50,000, then they stay fixed until you hit 100,000 hectolitres—this is annual sales—and then they phase out until you hit 150,000. So it goes across and is flat.

1440

This phase-out is a little too steep. It should go to, say, 400,000, because what it means is that if Irvine was in that situation now—yes, he would be getting close to that. It means you're going to add more volume but make less money. So there's a little blip in your revenue and in your profit curve, which basically is a little bit of a disincentive to growth.

It would be wonderful to get this fixed. Our biggest focus has been on what government has just done, but that one is very close behind. I think that's what you're referring to.

Mr. Victor Fedeli: It's absolutely what I was referring to. To me, as a lifelong entrepreneur, that's a disincentive to grow. Do you agree with that, John?

Mr. John Hay: Yes, it is a disincentive. I don't want to misconstrue here. The idea of a clawback can work. That can make sense. It's just a little too quick. It needs to be smoothed a bit so the revenue curve doesn't have one of these dips in it.

Mr. Victor Fedeli: Because the way it is today, there's no incentive to grow your business beyond that 100,000.

Mr. John Hay: Yes, so you're completely free of the tax; that's right.

Mr. Irvine Weitzman: It's also challenging finance-wise, because it's actually from 75,000 that this higher rate clips in. It becomes quite difficult to finance, because if you're growing your volume, if you're investing in equipment, you're not making any more profit. Sooner or later the banks become a little anxious.

The Chair (Ms. Soo Wong): Okay. I need to stop you there

Mr. Victor Fedeli: I'm only at two minutes and 40 seconds.

The Chair (Ms. Soo Wong): Okay, you've got 10 seconds, because we have a call coming in.

Mr. Victor Fedeli: Let it go.

The Chair (Ms. Soo Wong): Ms. Fife?

Ms. Catherine Fife: Thank you very much for coming in today and for sharing your thoughts on the modernization of alcohol sales in the province of Ontario. We're happy, of course, that you were consulted. We would have liked people to be more consulted on the sell-off of Hydro One, which leads me to energy costs.

I'd like to hear from you, as this up-and-coming, emerging sector, which we agree could be a global leader in export sales, the impact of energy costs on your industry.

Mr. John Hay: Maybe start with Irvine, because they might be closer, Irvine and Peter, to that than I.

Ms. Catherine Fife: Okay. Please go ahead.

Mr. Irvine Weitzman: I think, like everybody else, we've noticed the energy costs going up quite dramatically, but frankly I'm really not an expert on the subject. I never came prepared to talk about it.

Mr. John Hay: We're not hearing about it a lot. We hear about water before we hear about energy—water costs at the municipal level. But maybe Peter can add something.

Mr. Peter Chiodo: I'd have to agree with what Irv said. I'm not really in tune with it.

Ms. Catherine Fife: So the Ontario Craft Brewers have no problem with the cost of energy in the province of Ontario?

Mr. John Hay: It could always be lower.

Interjections.

Ms. Catherine Fife: If that's true, that's interesting to hear.

I have the Brick brewery in my riding. They're one of the original craft brewers. I'm glad that my colleague from North Bay raised the issue of the hectolitre cap because this has been a disincentive to expansion. And of course, the Brick has left the Ontario Craft Brewers—

Interjection.

Ms. Catherine Fife: I'm sorry? Do you have something to say?

The Chair (Ms. Soo Wong): All right. No cross-talk.

Ms. Catherine Fife: I'm glad that you raised the triple-indexing and the phase-out, and I'm glad that the Ontario Craft Brewers will be moving forward and trying to address this issue, because the Brick brewery wouldn't need the southwestern development fund to create jobs if the phase-out were—

Interjection.

The Chair (Ms. Soo Wong): Ms. Vernile.

Ms. Catherine Fife: Try to control yourself—if the phase-out was actually brought into place. So I'm glad, and I wanted to let you know that we'll be working with you going forward.

The Chair (Ms. Soo Wong): Thank you very much, gentlemen. Thank you for being here.

OPSEU PENSION TRUST

The Chair (Ms. Soo Wong): The next presenter is the OPSEU Pension Trust. I believe we have two presenters. We have Mr. Hugh O'Reilly—and is it Mr. Tim Shortill? Okay. Mr. O'Reilly, you probably heard you have five minutes for your presentation, followed by three minutes of questioning. This round of questions will begin with the official opposition party.

You may begin any time. Can you please begin by identifying yourself for the purposes of Hansard?

Mr. Hugh O'Reilly: Thank you, Madam Chair, and members of committee. Thank you for allowing me to present today. My name is Hugh O'Reilly and I am president and CEO of OPTrust.

OPTrust is a jointly sponsored defined benefit plan with over 86,000 members and $17.5 billion in assets. Our plan members are primarily front-line workers for the government of Ontario and its agencies, boards and commissions. Our plan is fully funded with a comfortable surplus, and, in 2014, our investment portfolio generated a return of 12% net of external management fees. We also receive high service satisfaction scores from our members and operate very efficiently. We're able to generate these results at a cost of only 53 basis points, which is far below the average of a retail savings vehicle.

Today, I'm here to share my views on some of the pension-related matters in Bill 91; specifically, its measures related to the ORPP and the Investment Management Corporation of Ontario.

I'm pleased to see the ORPP move closer to implementation. Too many Ontarians simply do not have access to a workplace pension plan. Even among those who do have some form of workplace pension, there are many who aren't confident that they will be able to save enough to fully support themselves in retirement. I support an ORPP that is both defined benefit and mandatory for those without comparable workplace pensions.

The question of comparability remains outstanding and needs to be answered. Should individuals with adequate defined benefit pensions have to participate in the ORPP as well?

In administering the plan, I call upon the government to ensure it is cost-effective for the taxpayers of our province. For example, a highly effective and tested system already exists for the CPP, a system that Ontarians have already paid for. My view is that Ontario should, for a fee, be given access to and permitted to make use of the existing CPP administration platform. The wheel should not be reinvented.

The government should also make more use of the considerable expertise of its jointly sponsored public sector plans, like our plan, OPTrust, as it continues to set up the ORPP. Ontario's jointly sponsored plans bring more to the table than administrative expertise. We are also global experts in investing.

The establishment of the Investment Management Corporation of Ontario is another area where JSPPs such as OPTrust can help. The Economist has called our pension plans "maple revolutionaries" and Toronto is viewed as the Silicon Valley of the pension world. My own organization has sophisticated investment capabilities with particular expertise in private equity infrastructure and real estate. We are also efficient. On average, for every pension dollar we pay, 76 cents is generated by investment returns, with the remainder coming from the contributions of our members and their employers. And as I mentioned earlier, we generate these results at a cost far below most retail investment vehicles.

Once again, the wheel does not have to be reinvented. The new corporation does not need to fully build its own infrastructure capabilities to invest in all asset classes when it has the opportunity to draw on the expertise of some of the world's most sophisticated investors. Doing so would also give access to cost-effective and unparalleled investment capabilities to a broader universe of Ontario workers and the province's other investment funds.

Thank you, and I look forward to answering any questions you may have.

The Chair (Ms. Soo Wong): All right. Thank you very much. Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much, Mr. O'Reilly, and congratulations on your level of expertise and returns for your trust.

Mr. Hugh O'Reilly: Thank you.

Mr. Victor Fedeli: It's been very impressive to watch.

With respect to the ORPP, let me first say, I don't think the government has the capacity to match anywhere near your function to this date. I've watched them in this Legislature only for four years, and I've had to shake my head at the management of our tax dollars, I might say.

With respect to the ORPP and the job losses—I think this is the area I want to talk to you about. We've heard from many companies, whether here or at our pre-budget consultations—there have been a lot of groups, associations, stakeholders and actual companies who've sat in that very chair and talked to us about the job losses that will come from the ORPP.

Ms. Daiene Vernile: Who?

Mr. Victor Fedeli: For instance, Magna had a great story in the regional newspapers the day the ORPP was first announced. They talked about that this would be a $36-million hit to them alone, one company alone, and they wouldn't open another plant in Ontario if this thing passed.

The Ministry of Finance's own documents, I think, are the most compelling. They told us, in the confidential advice to cabinet, that with this payroll tax, for every $2 billion that's drawn out, we'll lose 18,000 employees in Ontario. So if this is indeed a $3.5-billion program, we stand to lose 30,000 or more jobs in Ontario.

1450

When we toured on the pre-budget consultations, there was one company that told us—anecdotally, I will tell you: He's got 15 people who work for him. He knows that he's going to have to do this, so he told us he's going to fire one of the employees and use that pay to pay not only his 1.9% but also the employees', who won't be able to take a 1.9% pay cut. He's going to have to use his share of that fired employee's salary. That's what we've heard from the Ontario Chamber of Commerce, from the Canadian Federation of Independent Business. They all sat in that very chair and told us the same thing about job losses.

Do you have any comment, aside from the management of the money now, that we can talk about specifically on the job losses that virtually every single organization has told us will affect them?

Mr. Hugh O'Reilly: I'll respond to both issues you raised. We're proposing that, with respect to the ORPP, the funds that are collected for the ORPP be invested by an existing jointly sponsored pension plan such as ours.

Mr. Victor Fedeli: I'm sorry; by whom?

Mr. Hugh O'Reilly: By an existing plan such as ours. We're saying we can provide the investment expertise, which you complimented.

Second, on the issue of the payroll taxes, I think this is a complicated issue. In 2011, the federal government, federal finance, produced a briefing note that was leaked to the press and quoted in the Financial Post. That briefing note noted that initially, with the introduction of a payroll tax, you would see a reduction in jobs with an expanded CPP, but after a short period of time, it demonstrated, through its economic modelling, a bounce back.

Second, a lot of employers, including the ones that you're out talking to—and I understand that any time there's change, there's concern and trepidation, but some of them already offer group RRSPs or defined contribution plans. If the contribution rate for those plans, where they're already making contributions, was reduced by 1.9% and put into the ORPP, that might be a reasonable solution to the issue—

Mr. Victor Fedeli: "Might be"? Is it a big leap to think that?

Mr. Hugh O'Reilly: Well, based on the federal data, I don't think it is. And I did do some research—because I had done some research on you, of course, as well—on the issue of payroll taxes. There are both short-term issues and long-term issues. We are in the middle of a significant retirement income crisis. With the decline in defined benefit pension plans, people are going to suffer. They're going to be poor in old age, and that's also going to have an economic drag. It could even lead to increased taxes.

Mr. Victor Fedeli: Have you looked at the McKinsey study?

Mr. Hugh O'Reilly: I have looked at the McKinsey study—

The Chair (Ms. Soo Wong): Mr. O'Reilly, I need to stop you here. I'm going to go to the official third party to ask you the next questions.

Ms. Catherine Fife: Thank you, Chair, and thank you for coming in and sharing your thoughts with us.

For us, it comes down to the design of the ORPP. What are your thoughts on the province proceeding with a procurement to identify potential third-party service delivery providers for the ORPP, and what do you think this will mean for Ontarians and their retirement security?

It's in the budget bill.

Mr. Hugh O'Reilly: I understand. I think by third-party procurement, they're looking at things like, for example, having administration—

Ms. Catherine Fife: To manage.

Mr. Hugh O'Reilly: —and also to manage the investments. We definitely favour not setting up a bricks-and-mortar organization. We're of the view that they should establish what amounts to a virtual ORPP, take advantage of the existing CPP system for administration purposes—we shouldn't have to pay for that twice as Ontarians—and use the services of pension plans such as ours to invest the money so that they don't have to hire up a huge bureaucracy.

Ms. Catherine Fife: So you see it's a duplication, this proposal.

Mr. Hugh O'Reilly: I think there's a way to do it in a very cost-effective way, and we can solve a number of problems by doing that.

Ms. Catherine Fife: What are your thoughts on the accountability and transparency measures of the ORPP Administration Corp? For example, the corporation will be exempt from the Freedom of Information and Protection of Privacy Act. Do you think that measures like this will inspire confidence in the fund, or do you have any concerns about that lack of oversight?

Mr. Hugh O'Reilly: I think there will be oversight of the organization through the mechanism of the board of directors. In terms of freedom of information and other oversight, that I'm really not in a position to comment on.

Ms. Catherine Fife: Okay. Well, thank you for coming in today and making a proposal for a different structure. I appreciate that.

The Chair (Ms. Soo Wong): Thank you, Mr. O'Reilly. I'm going to Mr. Anderson.

Mr. Granville Anderson: Thank you very much for your presentation and your optimism here this afternoon.

The steps announced in the 2015 budget would allow for the creation of a professional independent pension organization to administer the ORPP. What do you think are the benefits of enhancing retirement security for Ontarians and could you elaborate on what you think of the independent body that's going to oversee the pension system?

Mr. Hugh O'Reilly: I think the need to expand retirement income coverage in Ontario and across Canada is an acute issue. There have been studies—for example, Mr. Fedeli referred to the McKinsey study—but those are all studies that are based on the current moment and look at the way in which wealth has been accumulated by generations such as mine, quite frankly, now that I'm in my mid-fifties. But, if we look at people who are, say, my kids' age or in their thirties or forties, I don't believe they're going to have the same opportunities. I think there's a very real prospect that people are going to retire at a lesser level than their parents have.

I also think that it's significant, when you look at the polling data and, indeed, you look at the election results, where both the governing party and the third party supported the notion of the ORPP, that people voted for and they understood that they would have to spend more money to have this coverage.

In terms of the mechanism that is being used to establish the ORPP and the independent oversight, I think it is important that it be at arm's length from government. I think that the Ontario model—if you will—is a model

that is the envy of the world and in particular our neighbours to the south. It's because of the independent boards that these things are run properly and run in a fashion that pays attention to the needs of the beneficiaries.

Having said that, I don't believe that it makes sense to set up a brand new investment group for the ORPP when use can be made of our really successful pension plans here in the province of Ontario.

Mr. Granville Anderson: To expand a little bit on what you have said, what do you think the benefit will be of enhancing the retirement security for the next generation? As Mr. Fedeli and the opposition often say, it's only 17% of the population that actually needs a pension. Do you agree with that assessment?

Mr. Hugh O'Reilly: Well, I can't comment on a position; I'm not a political person at all. But, what I would say is, we do have a retirement income problem. People are unable to save sufficient amounts to ensure that they will have an adequate and dignified retirement. This is a concern that poll after poll identifies. It's an issue that was front and centre in last June's election and the people of Ontario supported the creation of a pension plan. I think the data is overwhelming in this regard. More people are likely to have saved nothing in an RRSP, than to have saved over $100,000. If we try to kick this can down the road, we're going to end up in a situation where taxes are going to go up, and the responsibility of government to support seniors—and we're going to have a lot more in poverty—is going to increase significantly.

The Chair (Ms. Soo Wong): Mr. O'Reilly, thank you very much for your presentation and thank you for being here.

Mr. Hugh O'Reilly: Thank you.

MS. TRACY BLODGETT

The Chair (Ms. Soo Wong): Our last witness coming forward is coming to us via teleconference. I believe she's online. Her name is Tracy Blodgett.

Tracy, are you on the line?

Ms. Tracy Blodgett: Yes, I am.

The Chair (Ms. Soo Wong): Good afternoon.

Tracy, I'm just going to introduce myself as well as the rest of the committee so you know who's at the table for this afternoon's hearing.

Ms. Tracy Blodgett: Okay.

The Chair (Ms. Soo Wong): My name is Soo Wong, I'm the Chair of the Standing Committee on Finance and Economic Affairs. I have with us at the table, from the government side, Mr. Granville Anderson, Mr. Yvan Baker, Mr. Bob Delaney, Ms. Ann Hoggarth and Ms. Daiene Vernile; from the official opposition party, Mr. Victor Fedeli and Mr. Monte McNaughton; and from the third party, Ms. Catherine Fife.

When you begin, can you please identify yourself. You have five minutes for your presentation, followed by three minutes of questions from each caucus. This round of questions will begin with the official third party. You may begin any time.

Ms. Tracy Blodgett: Thank you, Madam Chair and members of the committee.

My name is Tracy Blodgett. As president of the Trillium Lakelands Occasional Teacher Local, I see the effect of budget measures on our schools, our families and our communities. In this budget, the government is offering what they call "stabilized funding for education." As an educator, I can say that this does not solve the long-standing structural funding issues that are continuing to have a negative effect. While Ontario has embraced an integrated model for special education, special education grants are not keeping pace with the increased number of students with special needs. More access to educational assistants, smaller class sizes, and specialized supports such as behavioural counsellors and speech and language pathologists are all needed to meet the needs of students with exceptionalities and to help all students succeed. Parents of children with special needs understand the need for educational assistants who are able to offer individualized instruction to their children. All parents recognize the benefits of smaller class sizes.

1500

The government has increased funding by introducing full-day kindergarten, but large class sizes and dedicated early childhood educators without sufficient planning time are hurting the important new program.

As teachers, we see the effects every day that poverty has on our students. Lower family incomes often mean that many students arrive at school hungry and unable to fully engage in learning. Currently, over 370,000 Ontario children live in poverty. There are millions of workers in Ontario who earn at or near minimum wage and many, many more who work in precarious jobs. This is in contrast to the enormous wealth gap, where Canada's CEOs are making 171 times the average Canadian income, according to the Canadian Centre for Policy Alternatives, and they pay a smaller share of their income in taxes than those with the lowest incomes. It is not lost on the average Ontarian that the Ontario corporate tax rate is the lowest in North America. Our families and communities have borne the brunt of over a half decade of austerity budgets even though we did not create the deficit.

The real issue is that Ontario has a revenue problem, not a spending problem. Ontario is losing billions of dollars a year by continuing to give deep tax cuts to corporations even though Stats Canada has shown that corporate tax cuts have not generated new jobs. Yet this budget pays little attention to those issues.

Our families and communities also depend on strong public services during lean times. Ontario spends less per capita overall than any other province on public services, yet the continuing government move to privatize services weakens the very public services that we have built together with our tax dollars. First it was hospitals, then home care and now, with this budget, it is aspects of public hydro. Time and again, we have seen what privatization results in: higher costs to taxpayers and profits predicated on cheaper labour that builds more precarious

jobs. It's a vicious cycle that pays out private sector profits at the expense of our local economy and jobs.

Let me talk about a few of the dangers of privatization that I see as a member of the public. As you are aware, today a report by the Ontario Ombudsman was released related to Hydro One billing practices. Currently, contacting the Ombudsman is one way of settling a dispute with a public company like Hydro One. Have you ever tried to settle a dispute with a private, for-profit company? Have you ever tried to question their billing practices? I have, and it's not an easy fight. Even the Consumer Protection Act isn't much help because the ministry won't investigate or assign a mediator unless the dispute involves a bill over $500.

I live in the Parry Sound–Muskoka riding. Recent changes to our snowplowing contract have increased the level of private contracts and the responsibilities of those contractors. As a result, the company that plows our highways has cut manpower, equipment and the use of salt and sand to achieve a better bottom line. This has had a direct impact on the safety of the families and community members who live in or travel through our area. Despite many complaints and even fines, the company continues to cut costs and services to save money. I am sure our MPP, Norm Miller, can attest to the high number of complaints he has received in recent years.

Privatizing Hydro One will result in similar concerns. Imagine longer power outages, less safety equipment for the front-line workers and lower levels of customer service, all so a private company can make a profit. This is not the kind of Ontario people like me want to see. It offends our values of decency, equity and respect for average working people and for the growing population of those in poverty.

I urge you to rethink this budget, to put priority on ensuring all students have access to learning conditions they need to succeed, to put priority on addressing the wealth gap so that those in need are taken care of and those at the top pay their fair share, and to put priority on delivering the public services that people rely on instead of privatizing our common assets to the highest or lowest bidder.

The Chair (Ms. Soo Wong): Thank you very much. I'm going to turn to Ms. Fife for the first round of questioning.

Ms. Catherine Fife: Thank you very much, Tracy, for calling in and taking the time to share some of your concerns around the budget bill. Also, thank you for raising the issue around special education. This has been a long-standing issue around funding pressures on the classroom.

Two recent studies came out from the Ontario Principals' Council and People for Education which cited the fact that; because the needs of special education students in classrooms were becoming so high and there was so much pressure on the staffing ratios, students were being accommodated by actually being excluded. Can you comment on that? I know that school boards are really in a corner on the special ed file, for sure.

Ms. Tracy Blodgett: Absolutely. I actually work as a daily supply teacher, and I am frequently in a classroom with students who have behavioural concerns, who have learning concerns. The supports that are available are non-existent. Often what ends up happening is, students get pulled and put into a segregated class, especially when there's a supply teacher in the room, because there aren't adequate supports there to ensure everybody's safety in those circumstances. Classroom teachers who are in there day after day often have to just deal with it. It's only when there's a change in routine, like a supply teacher coming in, that you really see the gaps in the system and see where the problems lie.

We want integrated classrooms. We want all children to have an opportunity to learn in the same fashion. But realistically, without additional support, it's just not fair to the students who lose out because so much attention is going to the students with high needs and so little going to the students without high needs.

Ms. Catherine Fife: Thank you very much for raising your concerns around privatization as well, Tracy, and for pointing out that the new money that has been injected into the government has gone to new initiatives and not to the long-standing issues. Later on today, when we're discussing the back-to-work legislation, I'll be raising your concerns in the House. Thank you.

Ms. Tracy Blodgett: Thank you.

The Chair (Ms. Soo Wong): All right. I'm going to Mr. Baker.

Mr. Yvan Baker: Thank you so much for joining us, Tracy. We really appreciate it. The Muskoka-Parry Sound area is one of the most beautiful parts of the province; I've spent quite a bit of time there over the years, so I have an affinity for that area. You live in a beautiful community and part of the province.

Ms. Tracy Blodgett: Thank you.

Mr. Yvan Baker: Since becoming elected an MPP, Tracy, one of the things I get a tremendous amount of fulfillment from is having a chance to visit the schools in my community. There's somewhere north of 40 schools in Etobicoke Centre, and I have a chance to visit a lot of elementary schools. One of the things I do when I'm there is, I often have a chance to chat before or afterwards with the teacher who is teaching the class. I have a tremendous amount of respect for the work that teachers do and the important role they play in shaping the future for our young people.

When I talk to many of the teachers, in my community anyway, some of them are from Etobicoke, but some of them are actually from different parts of the city or even outside the GTA, and they commute in to teach in the school. I even have a friend who doesn't live in my riding, who lives downtown, but she commutes up to the York region area. I don't know how familiar you are with the city. She commutes north, and she often has to leave her home at around 6 a.m. or sometimes earlier to get up to where she teaches.

One of the things that I hear from teachers who are concerned about the future of the children they're teach-

ing, and also their own futures, is that really we need to make sure that we're paving the way for the future and making some of those investments, of course in education but also in infrastructure.

I know that on the education side, education funding is stable this year at about $22.5 billion, which is an increase of over $8 billion since 2003; that's a 56% increase. Per pupil funding has increased by $4,620 to $11,451 since 2003; that's an increase of 59%. That's despite declining enrolment. The government is trying to help schools through a $750-million school consolidation fund, and we're doubling funding for school renewal projects from $250 million to $500 million. There are some significant investments there to address those concerns of teachers.

But also what I hear about is this issue that I was mentioning earlier around commuting in to work. It's not just from teachers but other members of my community. I think one of the things in this budget that's really important is the focus on the building of that infrastructure which will have paved the way for that future that I was talking about. There's a $31.5-billion investment as part of Moving Ontario Forward. This is the largest infrastructure investment in the province's history. All the proceeds from unlocking government assets will flow through the Trillium Trust, and this will build roads, bridges, public transit, hospitals etc., so it's important for the future.

The Chair (Ms. Soo Wong): Mr. Baker, I need to stop you now. There's no time.

I'm going to go to the last questions: Mr. McNaughton or Mr. Fedeli.

Mr. Monte McNaughton: Thank you very much, Tracy, for calling in. I just wanted to touch on a couple of points and ask you a couple of questions.

1510

First off, you mentioned in your opening comments—and I didn't quite catch it—full-day kindergarten. I wondered if you could just repeat what you were saying about full-day kindergarten.

Ms. Tracy Blodgett: Yes. We believe, as educators, that it is a very important program, and we do recognize the additional money that has gone into the education system in order to implement full-day kindergarten. However, there are still some pretty major flaws with the system, one being the large class sizes. We have classes that are upwards of 30 students in full-day kindergarten, which sometimes causes a problem because of the sizes of rooms and sometimes just the volume of bodies.

Also, while each classroom of that size has a designated early childhood educator, they often have many extra duties in the day and no planning time with the teacher. So while they're expected to work as a team, they don't get any opportunities to work as a team unless they do it outside of their hours. So those two major flaws—the class sizes and the lack of planning time for early childhood educators—I believe are really hurting this program that we've invested so much money into.

Mr. Monte McNaughton: Okay. The other thing I just wanted to see if you were aware of—last week at finance we had a presentation by Ontario's Ombudsman. We were talking about the sale of Hydro One, as you mentioned. I wasn't sure if you were aware that the Liberal government has taken oversight by the Ombudsman away from Hydro One, moving forward. Were you aware of that?

Ms. Tracy Blodgett: Absolutely. One of my concerns is that that wouldn't be an option in the future, because it is very important that we have an avenue for dealing with it, from a consumer perspective.

Mr. Monte McNaughton: Right. Thank you.

The Chair (Ms. Soo Wong): All right. Mr. Fedeli?

Mr. Victor Fedeli: Thank you very much, Tracy. First, I want to say thank you very much for your work in the teaching profession. I know that Norm Miller would ask me to pass that on to you.

You mentioned something, and I have to ask where you got your information. You said that Ontario doesn't have a spending problem; we have a revenue problem. Yet in the actual budget document, it shows that spending is increasing by $2.4 billion and revenue is increasing by $5.9 billion. So our revenue is considerably higher. That, to me, would indicate that we don't have a revenue problem; we actually do, indeed, have a spending problem. Can you tell me where you got your data?

Ms. Tracy Blodgett: I actually had some help with some of my facts from the Elementary Teachers' Federation, whom I work for, and their communications specialist. What I think we mean by that is that it's not exclusively about too much money being spent or having been spent but that there are ways to look at the way we generate revenue and reconsider some of our practices that might help eliminate the deficit instead of just cutting spending.

Mr. Victor Fedeli: Well, I hear you, but when spending is actually up by $2.4 billion and revenue is up by $5.9 billion, I hope you'll take a moment to pass those accurate budget numbers on.

Ms. Tracy Blodgett: I will.

Mr. Victor Fedeli: Thank you.

The Chair (Ms. Soo Wong): Okay. Thank you very much, Tracy, for coming to us from Huntsville. Have a good day.

Ms. Tracy Blodgett: Thank you.

The Chair (Ms. Soo Wong): I'm just going to go through a couple of housekeeping items before we adjourn the committee. The Clerk informed me that the distribution of the rest of the written submissions was received this morning at 9:45, at your desk here. The deadline for filing amendments, if any, is tomorrow morning, Tuesday, May 26, 2015, at 10:30 a.m. The next meeting is this Thursday, May 28, at 9 a.m. for clause-by-clause consideration of Bill 91. We will be back in our committee room, which is room 151.

I'm going to adjourn the committee. Thank you.

The committee adjourned at 1515.

CONTENTS

Monday 25 May 2015

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Présidente
Ms. Soo Wong (Scarborough–Agincourt L)

Vice-Chair / Vice-Président
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)

Mrs. Laura Albanese (York South–Weston / York-Sud–Weston L)
Mr. Yvan Baker (Etobicoke Centre / Etobicoke-Centre L)
Mr. Victor Fedeli (Nipissing PC)
Ms. Catherine Fife (Kitchener–Waterloo ND)
Ms. Ann Hoggarth (Barrie L)
Mr. Monte McNaughton (Lambton–Kent–Middlesex PC)
Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)
Ms. Daiene Vernile (Kitchener Centre / Kitchener-Centre L)
Ms. Soo Wong (Scarborough–Agincourt L)

Substitutions / Membres remplaçants
Mr. Granville Anderson (Durham L)
Mr. Bob Delaney (Mississauga–Streetsville L)

Also taking part / Autres participants et participantes
Mr. Arthur Potts (Beaches–East York L)

Clerk / Greffier
Mr. Katch Koch

Staff / Personnel
Ms. Susan Viets, research officer,
Research Services